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NEWS SUMMARY

GENERAL BUSINESS

Fears for 200 in store fire
Scores of people were feared dead or injured after fire swept through a crowded freestore department store in Bucharest.

Israeli oil bid
Israel will start drilling for oil next week in the occupied West Bank. Oil company officials are confident of a major strike.

49 die in bus
Forty-six teenagers and three teachers were killed when their Holy Week excursion bus plunged into the Orbiro River near Benavente in central Spain.

Italian election
Italy's general election will be held on Sunday, June 3, a spokesman for caretaker premier Giulio Andreotti said.

Bomb belief
Scotland Yard believes that the men who planted the car bomb which killed Tony MP Mr. Airey Neave are still in Britain.

Kampala shelled
Tanzanian artillery shelled Kampala for 30 minutes in the biggest barrage of the Uganda war.

Finney safe
Actor Albert Finney and his actress girlfriend Diana Quick, reported missing on a South American tour, arrived in Quito, Ecuador.

Treatment fails
A new attempt to save seven-year-old Anthony Nolan, suffering from a bone marrow deficiency, appears to have failed.

Rhodesia raids
Rhodesian aircraft carried out bombing raids on Patriotic Front guerrilla targets near the Zambian capital of Lusaka.

Briefly...
Lycium Club, one of Liverpool's best-known buildings, may be restored by the Government.

CHIEF PRICE CHANGES YESTERDAY
(Rises in price unless otherwise indicated)
RISERS: Treas. 11 1/4% 1981 £1.04 1/2 + 1

Table of price changes for various commodities and currencies.

Union investigates leader of BL craftsmen's strike

Engineering union leaders yesterday raised the stakes in the BL craftsmen's dispute by starting an investigation which could lead to disciplinary action against Mr. Roy Fraser, leader of more than 3,000 skilled workers who are on strike demanding separate bargaining rights.

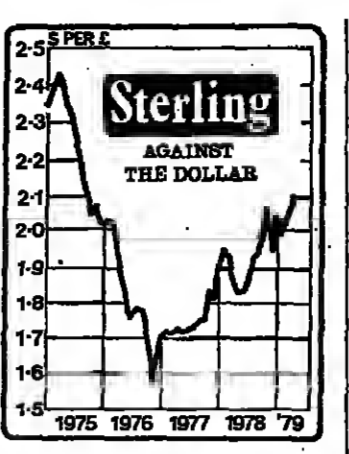
BP close to new long-term oil supply deal with Iran

BP refused yesterday to disclose the exact size of the supply contract or the price it is negotiating, but this is understood to be between \$16 and \$17 a barrel for Iranian Light.

Money supply growth slows

THE RATE of growth of the money supply slowed significantly last month. Large sales of gilt-edged stock appear to have offset a continuing buoyant trend in bank lending.

Table of contents for the newspaper.



Sterling gains further

Sterling made further headway against most major currencies yesterday. But rates fluctuated sharply during the day as early large rises triggered significant, though short-lived, selling.

Tories reply on jobs

CONSERVATIVE leaders responded swiftly yesterday to stiffen the Prime Minister's attempts to brand the Tories as the party of 1930s-style unemployment.

Liberals set PR as price of party deal

THE LIBERALS will demand the early introduction of proportional representation as the price of their co-operation with either of the two main parties should there be another close General Election result.

Liberal Party set PR as price of party deal

THE LIBERAL Party will demand the early introduction of proportional representation as the price of their co-operation with either of the two main parties should there be another close General Election result.

Sanwa Bank advertisement featuring a 3D bar chart of assets and a list of financial highlights.

EUROPEAN NEWS

Gaullist Ministers call for end to Chirac 'tirades'

BY DAVID WHITE IN PARIS

THE GAULLIST party's 11 members of France's centre-right coalition Government are at the centre of a fierce foreign policy debate which divides the leadership of their own RPR party and the UDF group loyal to President Valéry Giscard d'Estaing.

As the argument about France's place in the BEC warms up in readiness for elections to the European Parliament, M. Jacques Chirac the RPR leader, has warned Gaullist members of the Government that they will be thrown out of the party if they follow the lead of M. Raymond Barre, the UDF Prime Minister, and back the UDF's list of candidates, and its pro-European platform.

The government Gaullists, six Cabinet Ministers and five secretaries of state, replied yesterday by agreeing to back

the RPR's list of candidates. But they also told M. Chirac to stop his anti-Giscard tirades. Their choice of words was firm but the warning will undoubtedly prove to be in vain.

The statement quoted General de Gaulle's dictum: "The President is the man in charge of the essential, and anything that weakens him weakens France."

Party officials retorted that Ministers who held no party posts were in no position to give lessons in Gaullism.

The Gaullist Ministers, who include M. Alain Peyrefitte (Justice), M. Robert Boulin (Labour) and M. Yvon Bourges (Defence), said they were ready to back the Gaullist campaign thus avoiding a split in the movement.

"But a step must be called to certain behaviour which reflects seriously on the country's con-

ference in the future and which stands in outright contradiction to many basic principles which rallied us around General de Gaulle: primacy of the executive, cohesion of the majority, which supports our action, willingness to put the interest of the state and the nation above all other considerations, rejection of demagoguery and systematic denigration, vigilance so as not to return to a party system under which committees and congresses used to dictate to the Government, respect of the presidential function."

M. Chirac said last week that the President would lose his campaign for re-election in 1981 unless he changed his policies. He also attacked M. Barre for taking sides in the European elections and choosing between the two political factions which make up the Government majority.

Swiss to step up defence purchases

By Brij Khindaria in Geneva

THE SWISS Government has presented Parliament with a defence procurement Bill of SwFr 1.7bn (about £470m)—the largest since the major Swiss rearmament programme during the Korean war.

Explaining the Bill, Federal Councillor Rudolf Gnaegi said the money was needed to modernise weapons used by the Swiss defence forces. The major expenditure will be on U.S. M109 tanks. Switzerland has placed new orders for 207 such tanks to replace outdated ones by the early 1980s.

Some of the money will be spent on making the Air Force's squadrons of Hunter aircraft capable of electronic warfare, using missile systems and radar to detect enemy aircraft. They will also be fitted with new cannons for air-to-air combat.

Improvements to existing anti-aircraft systems will take up another chunk of the budget, while about SwFr 347m will be spent on building new armed forces facilities and buying more land.

The huge defence procurement demand has given rise to criticism, particularly because 49 per cent will be spent outside Switzerland, the largest proportion ever. In previous years the Government's aim has been to spend 70 per cent of defence budgets within Switzerland.

Hitch over Italy poll date

BY RUPERT CORNWELL IN ROME

ITALY'S CABINET was meeting last night to decide whether the forthcoming general election can legitimately be held on the same day as the European elections, planned for June 10.

The dilemma has forced Sig. Giulio Andreotti, the caretaker Prime Minister to seek the advice of the council of state and has created further bitterness between the parties on the eve of the campaign.

The issue turns on the technical point of whether voting in the domestic election, normally spread over a day and a half, can be reduced to the single day of June 10, through a

simple administrative decision by the Government.

Should this not prove permissible, Sig. Andreotti would have little choice but to hold the national elections before the European polls, probably on June 3 and 4. The small Radical Party has already made it clear that it will filibuster any attempt at pushing through a decree law, which would also require the recall of a dissolved parliament.

The Socialists stand to lose most if carefully laid plans for holding the two polls together collapse. They have fought all along for such a step in the belief that their expected strong performance in the Europe poll

will spill over into the domestic election.

The party again called yesterday for the two votes to be held in tandem, pointing out that separate dates would add substantially to the cost.

Meanwhile, magistrates yesterday began questioning terrorist suspects arrested at the weekend, in Padua, in particular. It is also reported that Sig. Antonio Negri, a political lecturer at Padua, who is regarded as intellectual leader of the autonomist splinter groups, has been transferred to Rome for interrogation by magistrates investigating the kidnap and murder last year of Sig. Aldo Moro.



President Nicolae Ceausescu

Ceausescu in Libya oil accord

By Paul Lendvai in Vienna

PRESIDENT CEAUSESCU of Romania appears to have scored an important success with Col. Muammar Gaddafi, the Libyan leader, with regard to increased shipments of crude oil for Romania.

The final communiqué on their talks in Libya last week was published last night and referred to a long-term agreement and a memorandum signed during Mr. Ceausescu's two-day visit about diversification of commercial exchanges and co-operation in building, industrial and farm projects as well as crude oil exports from Libya.

Col. Gaddafi reaffirmed that Libya would do everything in its power to consolidate and broaden economic relations. The two leaders also agreed that the competent authorities should finalise the agreements "as soon as possible."

French jobless may reach 2.5m

BY TERRY DODSWORTH IN PARIS

FRANCE COULD have up to 1.8m unemployed by 1983 and 2.5m by 1985, according to a study made by the national statistical office, INSEE, working on the new national plan.

This projection of trends, which is not meant as a firm forecast, indicates that the present high level of unemployment in France—now running at 1.35m—is here to stay.

But the composition of the labour market will also change, the study adds.

The main factor in these movements will be the growing number of women looking for employment from now until the end of the century.

The experts expect to see only a modest decline in prices. Inflation should be down to between 6 and 7 per cent by the end of 1985, they say, allowing an improvement of about 3 per cent in purchasing power.

The economy should grow approximately in step with the

rest of the world, at between 3.1 and 3.6 per cent a year.

One of the biggest longer-term problems facing the economic managers will remain in the social security system. This was the subject of a wide government reorganisation earlier this year.

The present rates of subscriptions to the social security organisations will not be sufficient to keep them out of financial trouble, the study adds.

W. German economy 'thoroughly robust'

BY GUY HAWTHIN IN FRANKFURT

DR. WILFRIED GUTH, the man most widely tipped as the next Governor of the Bundesbank, yesterday described West Germany's economy as "thoroughly robust."

But he warned that there was cause for concern about the prospect of a continued upswing in 1980.

West Germany had weathered the "shock" which followed the Iranian revolution far better than had been expected, said Dr. Guth, the joint chief executive of Deutsche Bank West Germany's largest bank. Exports were also expected to benefit from greater stability on the exchanges.

However, there were two great dangers facing the

economy. First, there was the chance of renewed inflation. Most important, however, was the prospect of a bottleneck in energy supplies.

Speaking on economic prospects for 1979, Dr. Guth said that not only had fiscal policy provided an impetus for capital investment in industry, but entrepreneurs had also reacted positively to the light economic upturn. A 6 per cent growth in investment was expected for the year.

Pay settlements after the steel strike had been moderate, he said, and price rises in West Germany were being imported rather than "made at home."

Dr. Guth hoped that sufficient



Dr. Wilfried Guth

price stability would be maintained to prevent the wage-price spiral starting again.

KWU defends atom standards

BY JONATHAN CARR IN BONN

LEADING REPRESENTATIVES of the West German nuclear power station construction industry have sought to show that the kind of accident which occurred at the Harrisburg plant in the U.S. was virtually ruled out in German-built atomic installations.

At the same time they agreed that no technical system could be wholly problem-free, and welcomed the new examination of German reactor safety just announced by the Bonn Government. They felt it might produce suggestions for improvement on matters of detail, while confirming that the general safety standard of German reactors was second to none.

The points were made at a Press conference here yesterday by Herr Klaus Barthelt, executive chairman of Kraftwerk

Union (KWU), the country's leading power station building concern, and by other Board members. The comments come at a time when West Germany's nuclear power plans, long the object of particularly sharp domestic criticism, have come under increased attack.

There are clear signs that atomic power is now emerging as a key issue in the campaign for the important provincial election on April 29 in Schleswig-Holstein, the state which was the scene of fierce clashes between police and opponents of nuclear power in 1976.

It also seems a divisive factor even within the Government, with at least one minister publicly ready to envisage circumstances in which West Germany might have to drop its

nuclear power option—a position which several of his colleagues are not ready to support.

Herr Barthelt said that West German atomic power station builders followed a security philosophy different from that existing in the U.S.

More security stages independent from each other, were built into German installations.

Had a sequence of events similar to that at Harrisburg begun in a German reactor, safety cooling measures would have cut in automatically and immediately, he said. Five separate security stages would have had to fail one after the other to bring an accident similar to that at the U.S. plant.

Herr Barthelt noted that his company built conventional as well as nuclear power stations

and that from the business viewpoint KWU was just as happy to accept orders for the former as for the latter.

But he stressed his agreement with the Bonn Government's official stand that a contribution from nuclear power would be required if West Germany were not to suffer a serious energy shortage in the next decade.

He noted that West Germany had a current surplus power capacity of about 6,000 MW—this would vanish by about the end of next year. KWU itself had received no firm order for a nuclear power station, either at home or abroad, for three and a half years. The company had orders in hand worth about DM 24bn but, Herr Barthelt noted, it was not hard to retain a thick order book when legal and other delays prevented construction.



"It is not in my nature to give interviews"

The only private interview that Leonid Brezhnev ever gave to American journalists, he gave to TIME Magazine. "Given the importance of the relations between our two countries," he said, "and the solid reputation of your magazine, I decided to take advantage of your request to answer TIME's questions."

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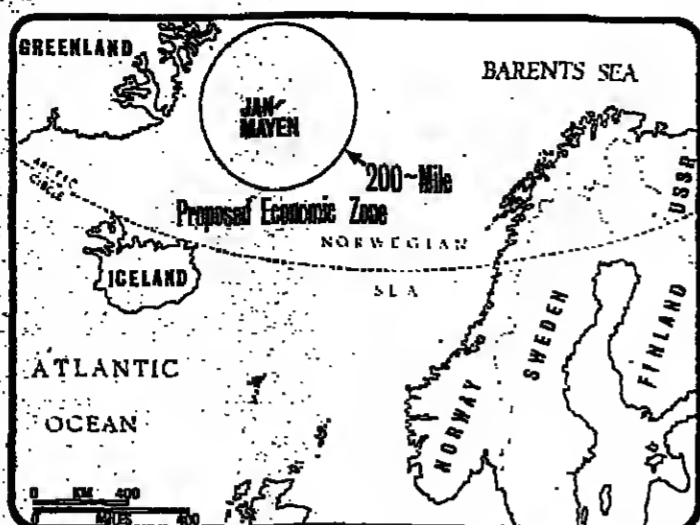
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PROBLEM OF NORWAY'S 'OTHER ECONOMIC ZONE'

Treading carefully over Jan Mayen

NORWEGIAN FISHERMEN are urging their Government to declare a 200-mile economic zone around Jan Mayen, a rocky volcanic island of 373 square kilometres north-east of Iceland and strategically situated on the approaches to the Atlantic from the Barents Sea.



The Norwegian Labour Cabinet has postponed a decision until it has looked more closely into the political aspects and the fish stocks have been accurately assessed, but the fishermen can be expected to renew their demand later this year.

Jan Mayen was discovered by the Irish monk Brendan about 1,000 years ago. Henry Hudson, the British navigator who gave his name to Hudson Bay, was one of the skippers sailing the Murmansk route from the 18th century onwards to drop anchor off the island, but Jan Mayen was first occupied by the Norwegian meteorological service in the 1920s.

It was formally annexed by the Norwegians in 1923 and incorporated into the Kingdom of Norway in 1930. Jan Mayen currently hosts a meteorological station, a LORAN navigation station, which is used for both civilian and military purposes, and a 1,600-metre landing strip. Some 25 to 30 Norwegians from the meteorological service and the defence forces are stationed there.

Norway's sovereignty has never been disputed and the status of Jan Mayen is not connected with that of the Svalbard (Spitsbergen) islands, where Norwegian sovereignty rests on a treaty of 1920 recognising the rights of 41 signatory nations to exploit the islands' economic resources.

The Russians have challenged the Norwegians' right to operate a fisheries protection zone around Svalbard and even Norway's Western allies, the U.S., Britain and West Germany, have tabled reservations about the Svalbard zone, although they have in practice respected Norwegian regulations within it.

The Norwegian fishermen's disappointment with the results of the 200-mile economic zone off the Norwegian mainland, which became effective in 1977, lies at the root of their demand for a zone around Jan Mayen. More explicitly, it has been prompted by the complementary agreements about fishing in the Barents Sea which

have had to be concluded with the Russians.

The continuing decline of both the cod and capelin stocks in this area has forced the Norwegian and Soviet authorities to reduce the allowable catches this year. The total cod catch has been cut by 150,000 tonnes to 660,000 tonnes which, after third countries have got their share, leaves the Norwegian fishermen with the right to fish 55,000 tonnes less than in 1978.

The agreement also allows the Russian fishermen to take 80,000 tonnes within the Norwegian zone while the Norwegians can fish only 30,000 tonnes on the

small fish of the herring family used mainly for fish meal and oil. The capelin have been overfished and compared with the peak of 2.9m tonnes caught in 1977 the allowable catch for 1979 has been fixed at 1.8m tonnes.

In negotiations at the end of last year the Norwegian authorities accepted a 60/40 division of the catch in their favour, after starting by claiming 75 per cent. This means that almost all the reduction in the capelin fishing will fall on the Norwegian fishermen.

The Norwegian concession is not really due to big brother

to capelin, when that source was stopped. Last year more of them sought capelin in the Jan Mayen area only to find that the Russians, too, had been increasing their fishing there.

Not unnaturally they have asked their Government to protect their fishing interests around an island which is a sovereign part of Norway. The Russians could scarcely have any legal objection and in fact have so far remained quiet.

The Norwegian Government's hesitation derives from other political and strategic considerations, concerned more with a NATO ally, Iceland, than with the Soviet Union. Iceland's 200-mile zone would overlap that of Jan Mayen and a median line would have to be negotiated. When the Icelanders proclaimed their zone and precipitated the third "cod war" with Britain in 1975, the Norwegians accepted the zone at once but put in a reservation about Jan Mayen.

Moreover, some Icelandic politicians and fishermen have argued that Jan Mayen is not entitled to an economic zone and that the Icelandic continental shelf extends up to Jan Mayen territorial limits. It is possible that the capelin caught off Iceland are from the same stock as those found off Jan Mayen.

The Norwegian Government is very conscious of the fact that, each time the Icelanders feel that their fishing interests are threatened, domestic opposition to the NATO base at Keflavik, close to the capital Reykjavik, tends to revive. Norway does not want any obstacles to arise to NATO's current programme for improving its capacity to reinforce Norway in an emergency. Iceland has an important role in that programme.

Despite the pressure from its fishermen, the Norwegian Foreign Ministry has, therefore, adopted a cautious approach to the Jan Mayen issue. It has proposed that Norwegian and Icelandic marine biologists together examine the Jan Mayen capelin stock and its migratory pattern and it has told Norwegian fishermen that it needs more time for diplomatic soundings in Reykjavik.

A report from the biologists is expected by the end of May but it may take longer for the two governments to arrive at the compromise over fishing rights and the legal terminology which will have to precede the declaration of an economic zone around Jan Mayen.

Norway's sovereignty over a rocky volcanic island north-east of Iceland has never been disputed. But political and strategic considerations are forcing the Norwegian Cabinet to hesitate before declaring a protection zone around the island. William Dulforce reports.

Bankers concerned at dollar's strength

By David Marsh in Basel

CENTRAL BANKS from the main industrial countries have reached an informal consensus that the dollar's strength on international foreign exchange markets has become somewhat exaggerated. This emerged during the regular monthly meeting of leading central bankers at the Bank for International Settlements which ended here yesterday.

The central banks of the U.S., Japan, West Germany and Switzerland have been intervening concertedly in the past few days to brake the rise of the dollar. Dollar sales by the Germans and Swiss are said to have been particularly large.

Although generally pleased at the dollar's recovery since the end of last year, the central banks do not want it to go too far. The Bundesbank, Bank of Japan and Swiss National Bank have all expressed concern in Basel this week at the inflationary impact of higher import prices caused by their currencies' relative devaluations over the past few months.

One central banker at the meeting stressed that central banks have not reached any agreement on setting a "target zone" for the dollar. "But we are interested in seeing that the dollar's fluctuations—upwards as well as downwards—are kept within limits," he said. This was the reason for the Bundesbank's unusual open sale of dollars at the Frankfurt fixing on Monday, a measure agreed in advance with the New York Federal Reserve Board "to show that the dollar's advance had become overdone."

Although the pound, in contrast to the Deutsche Mark, Swiss franc and yen is very strong, Britain has also participated in the concerted action.

On Friday, the Bank of England ended its policy of holding down sterling through buying large amounts of dollars, and it may even have sold small amounts of dollars on Monday, according to one central banker.

WESTERN SAHARA RIVALRIES

No end to desert war

BY FRANCIS GHILES

HOPES IN RABAT and some Western capitals that a compromise could be reached in the Saharan war after the recent change of leadership in Algiers appear to have been dashed.

The newly elected Algerian president, Colonel Chadli Bendjedid, has confirmed his country's support for the Polisario Front and its fight for the independence of the former Spanish territory of the Western Sahara, which Morocco and Mauritania divided between them four-and-a-half years ago. The late Algerian President, Houari Boumediene backed Polisario though its cause has never been very popular in Algeria.

In many respects the Western Saharan conflict is a genuinely regional one. The leadership of the Maghreb is at stake which explains why neither Algeria nor Morocco is willing to back down. The suffering of the Saharawis, meanwhile, is real but of little concern to either major country.

King Hassan has staked much on Morocco's retention of its share of the former Spanish colony. He announced recently that Morocco was forming a National Defence Council to shape a new policy and described the military situation as being "on the threshold of the intolerable." This was a reference to the recent attack by Polisario Land-Rover columns against Tan Tan, a town well within Morocco itself. Never had Polisario hit an objective so deep in Moroccan territory.

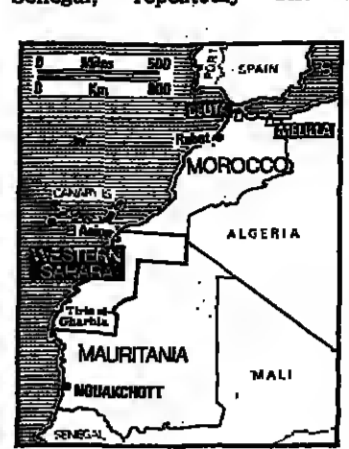
The National Defence Council will include the leaders of all the country's political parties, including Abderrahim Bouahid, leader of the left wing USFP party who has steadfastly refused a Cabinet appointment. While the King retains the support of all political parties and of his people, the cost of the war is bleeding Morocco.

So far the voices of dissent are confined to marginal left-wing groups. No dissent is apparent among the 80,000-strong armed forces but after the slap in the face received at Tan Tan, morale in some units is said to be low.

On the diplomatic front, the King's isolation has increased lately. While Spain has drawn closer to Algeria and Polisario in recent months, the list of countries which recognises the Saharan Democratic Republic grows steadily, albeit slowly. Tanzania did so before Christmas, a major breakthrough in Anglophone Africa, followed by Morocco recently by Vietnam and Ethiopia. Both Syria and Iran

have sent encouragement to Polisario, a very marked change in the case of the second. Before his downfall, the Shah had provided Morocco with a number of F5 fighters for use in the Sahara.

France has also shifted its position since last summer. President Giscard d'Estaing, at the time, approved the Madrid Agreement which, in November 1975, led to the partitioning of the Spanish colony. Before the coup in Mauritania last July, French Jaguar aircraft based in Senegal, repeatedly strafed



Polisario columns but today, with Mauritania having effectively left the battlefield, and no French lives endangered, the French are urging King Hassan to negotiate.

So eager is France to lend a helping hand that as King Hassan was leaving Paris at the end of February after long talks with Giscard, a senior French official announced that a Hassan-Chadli meeting was expected before long. Algiers was quick to pour cold water on such a proposal.

King Hassan is understood to feel bitter about the unwillingness of the U.S. administration to sell him the low-flying reconnaissance aircraft and helicopter he needs for his forces to tackle Polisario effectively. Washington has also shelved plans to sell Morocco a \$200m electronics surveillance system.

The U.S. does not recognise the annexation of the Western Sahara but they are increasingly alarmed at what the left-wing newspaper Liberation recently called the "diplomatic setback of our national cause."

The deepening isolation of King Hassan internationally heightens the risk that war between his country and Algeria will come to be seen as the only way out of a tight corner. The observer must, however, credit the King with a remarkable capacity to survive. Neither he nor Algeria wants a war which could spell disaster. As this crisis approaches its fifth anniversary, it looks more insoluble than ever.

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Zagreb, Zurich, and (from April 1979) Dublin. Your IATA travel agent or Swissair will be happy to give you further information; for instance on the best connections via Switzerland.



OVERSEAS NEWS

Iranian oil company purge

BY SIMON HENDERSON IN TEHRAN

THE BOARD OF the National Iranian Oil Company (NIOC) is expected to be changed in the next few days as part of the purge of officials associated with the Shah's former regime.

Uncertainty over the future of personnel resulted in a memorandum being issued by Mr. Nazib two weeks ago saying that no changes were being made until studies on the matter were ready.

Initial oil exports from Iran have been made on the basis of spot sales to individual companies but the NIOC is now believed to be negotiating several longer term deals of three, six or nine month durations.

And in Geneva, the International Commission of Jurists has said the revolutionary tribunals are violating the "international covenant on civil and political rights" to which Iran is a party.

Iraq warns Soviet Union

By Ihsan Hijazi in Beirut

SADDAM HUSSEIN, Iraq's strongman, has issued a warning to all foreign powers, including the Soviet Union, against threats that may be aimed at Saudi Arabia.

Mr. Hussein, who is Vice Chairman of the ruling Revolutionary Command Council, was quoted by the state-controlled Iraq News Agency as telling visiting Arab athletes in Baghdad: "We must take up arms against any foreigner regardless of his political colour, who may violate Arab sovereignty."

He added: "We do not differentiate between a progressive, a Zionist or a Frenchman. Nor do we differentiate between Americans and Soviets."

Observers here have attributed the development to the new working relationship between the two Arab countries. Last February Iraq and Saudi Arabia signed a security agreement covering their common borders.

Observers were however puzzled as to why Mr. Hussein has singled out the Soviet Union in relation to outside threats to Saudi Arabia.

One explanation, they said, is the growing feeling that Iraq will treat the Soviet Union on equal basis with western powers, including the United States, where overall Arab security is concerned.

Heavy Tanzanian barrage hits Uganda's capital

BY JOHN WORRALL IN NAIROBI

TANZANIAN ARTILLERY laid down the biggest barrage of the Uganda war yesterday, pumping shells into Kampala for about 90 minutes without a pause.

One shell exploded at Mulago hospital and Ugandan informants in touch with the city said that a doctor had been killed. Another shell exploded on a ball of residence at Makerere University, causing considerable damage.

Bondo regiments, but only reached four miles down the Entebbe road from Kampala. Tony Avram, an AF correspondent, who flew to Entebbe with Tanzanian forces last week has reported on the situation there. He writes: "Tanzanian army officers, resting after capturing the international airport there, estimated at the weekend that 400 Libyan soldiers had been killed in several days of fighting."

Cracks in Arab front for punishing Egypt

BY ANTHONY McDERMOTT RECENTLY IN AMMAN

TWO FRONT-LINE Arab States bordering Israel, Syria and Jordan, have reacted with significant differences to the resolutions passed at the Baghdad conference last month to isolate Egypt politically and economically.

By contrast, Jordan feels deeply "bitter" at being "betrayed" by President Sadat. Jordanians regard the Baghdad resolutions as a means of inducing the Egyptian leader to reconsider the treaty and to return to the pan-Arab fold.

For Jordan, the implications are more complicated. Like Syria, it stands to lose little economically from carrying out the Baghdad resolutions against Egypt. But adherence to this move to isolate Egypt has meant that Jordan finds itself in a more militant position over the search for a settlement in the conflict with Israel than it generally finds comfortable.

Part of this discomfort stems from the 1974 Arab summit conference in Rabat which virtually handed over responsibility for effecting the return of the Israeli-occupied West Bank to the Palestine Liberation Organisation. The Jordanian Government still feels obliged to observe this constraint.

Rhodesia bombs guerrilla bases

BY TONY HAWKINS IN SALISBURY

RHODESIA yesterday announced a new bombing raid against Patriotic Front guerrilla targets near the Zambian capital of Lusaka.

base—had struck at a military headquarters and war council base of Joshua Nkomo's ZIPRA guerrillas six miles west of Lusaka.

the elections too late, or have decided to hold their hand and step up the war after the many reservists mobilised for the election have been stood down.

The communiqué, from Combined Operations HQ in Salisbury, same as white, coloured and Asian voters went to the polls in the four-contest European constituencies, in the first stage of Rhodesia's majority rule elections.

"Intelligence has revealed that current and future terrorist operations from Zambia into Rhodesia are under known Russian direction and control."

Meanwhile, remarks reported to have been made by Mr. Francis Fynn, Conservative foreign affairs spokesman, suggesting that a Thatcher Administration would recognise the new State of Zimbabwe.

The Patriotic Front, led by Mr. Nkomo and Mr. Robert Mugabe, has promised to disrupt the elections.

The impression is gaining ground that the guerrillas have either left their attack against

Voting in the four white constituencies yesterday was reported to be steady but with little interest in the seats, all of which are expected to be won comfortably by Mr. Smith's ruling Rhodesian Front.

China guidelines reassure West

BY COLINA McDOUGALL

GUIDELINES FOR China's new retrenchment in economic development have begun to emerge which should reassure westerners that although Peking may have postponed or cancelled a number of contracts and deals, it intends to maintain trade, co-operation and introduction of advanced techniques from abroad as far as possible.

Priority now is to go to investment which can produce a quick return. Light industry is getting a larger slice of funds, while within heavy industry coal, power, oil, transport and construction material plants are to come first.

This was underlined by a report from Hong Kong yesterday which said that instead of building a China of new hotels, Peking is planning to modernise the present ones. Shanghai-Radio said recently that waiting for imports is wrong, though advanced skills, experience and management from abroad must still be absorbed.

This was confirmed last weekend by Vice-Premier Gu Mu Min in charge of the State Capital Construction Commission, which nearly three weeks ago announced that China was cutting back a large number of industrial projects.

The atmosphere of discussion and experiment so evident in other fields which produced the explosion of poster demands for greater freedoms also appears to have had its effect on officials. New management methods, like the payment of incentive bonuses, became out of hand to the point where workers refused to work at all unless they were paid extra.

This appears to confirm that China still envisages a considerable role for foreign technology. Mr. Gu's remark that appropriate legislation to cover foreign investment is currently being drafted, plus China's recent borrowing from Arab and British banks, implicitly confirms that Peking has not rejected the ideological objections if held in the days of the so-called Gang of Four to foreign loans and intends to continue as far as possible to import technology.

Plants under local jurisdiction which consume precious supplies of power and overburden the transport system, seem likely to be suspended in

With the nationwide retrenchment, recent stress in provincial radio broadcasts has been on renovating and improving existing plant to increase production.

Nevertheless it seems possible that in the highly personal politics of Peking, the move back to more traditional Chinese Communist policies may imply a drop in the influence of the man who seems to be the architect of the import programme, Vice-Premier Deng Xiaoping.

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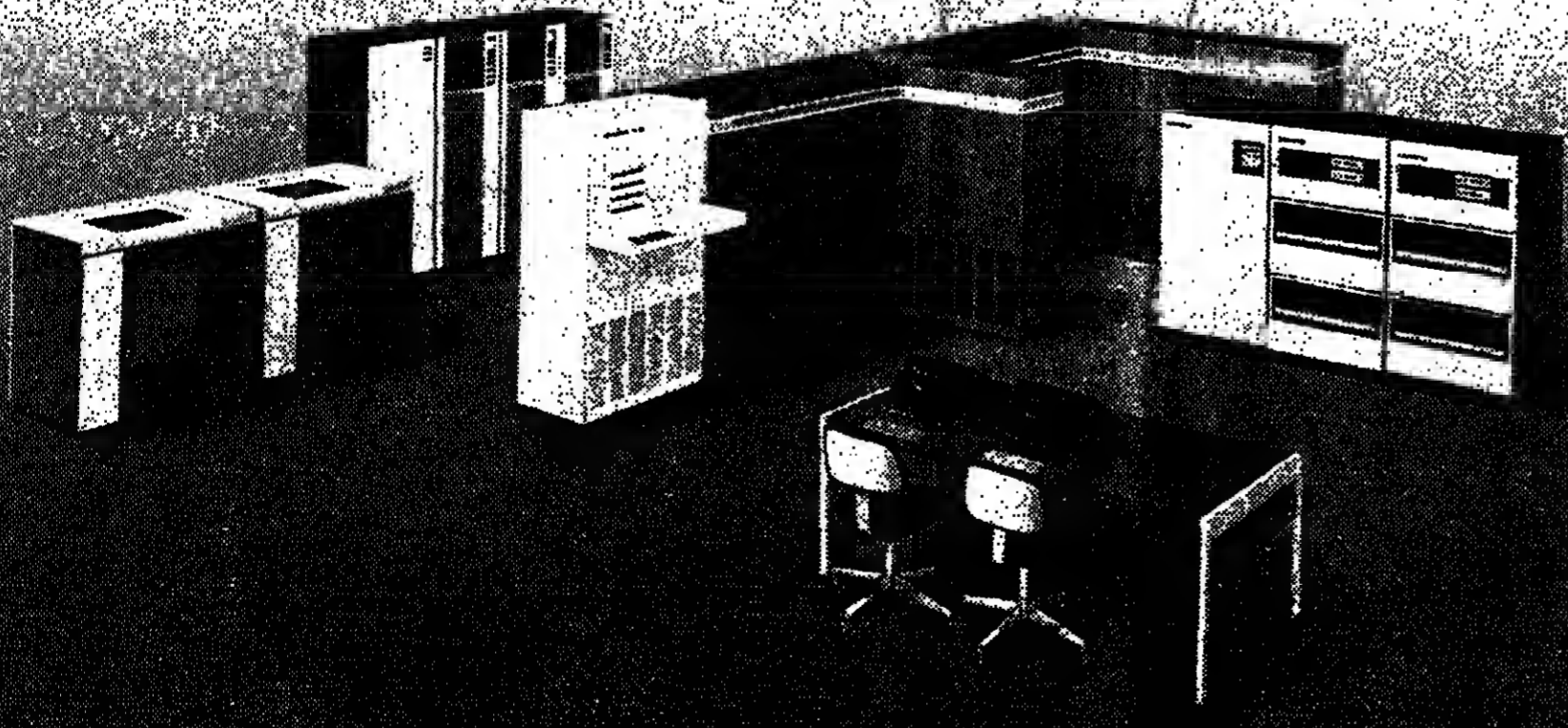
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مكائن الحاسوب

NOTICE OF REDEMPTION

To the Holders of

Amoco International Finance Corporation

8% Guaranteed Sterling Debentures Due 1987

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of May 1, 1972, under which the above-described Debentures were issued, Morgan Guaranty Trust Company of New York, as Trustee, has selected for redemption on May 1, 1979, the principal amount thereof, £1,000,000 principal amount of said Debentures, each in the denomination of £500 bearing the serial numbers with the prefix letter "Q" as follows:

Outstanding Debentures with serial numbers ending in any of the following two digits:

00 10 20 30 40 50 60 70 80 90

10 20 30 40 50 60 70 80 90

Also Outstanding Debentures, with the following serial numbers:

120 220 320 420 520 620 720 820 920 1020 1120 1220 1320 1420 1520 1620 1720 1820 1920 2020 2120 2220 2320 2420 2520 2620 2720 2820 2920 3020 3120 3220 3320 3420 3520 3620 3720 3820 3920 4020 4120 4220 4320 4420 4520 4620 4720 4820 4920 5020 5120 5220 5320 5420 5520 5620 5720 5820 5920 6020 6120 6220 6320 6420 6520 6620 6720 6820 6920 7020 7120 7220 7320 7420 7520 7620 7720 7820 7920 8020 8120 8220 8320 8420 8520 8620 8720 8820 8920 9020 9120 9220 9320 9420 9520 9620 9720 9820 9920

On May 1, 1979, the Debentures designated above will become due and payable at 100% of the principal amount thereof (i) in such coin or currency of the United Kingdom as at the time of payment shall be legal tender for the payment of public and private debts (herein called "pounds sterling") or (ii) at the election of the holder of such Debenture, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts (herein called "U.S. dollars"). Such election to receive the Dollar Equivalent, as defined in the Indenture, is irrevocable and may be made only by the presentation and surrender of such Debenture, together with a completed Dollar Payment Notice substantially in the form set forth on the Debenture, at the office of one of the below listed paying agencies not later than April 19, 1979; provided, that, notwithstanding any such election, the holder of such Debenture will receive and accept payment in pounds sterling in the event that for any reason, it is not possible for the Trustee to determine, in accordance with the terms of the Indenture, the Rate of Exchange, as defined in the Indenture, on the applicable date for such determination or otherwise effect a sale of pounds sterling.

Said Debentures will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either at the Corporate Trust Office of Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, N.Y. 10015 or at the main offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main, Paris or Zurich, or at the main offices of Paribas Bank S.A. in Milan or Rome, or the main office of Bank Mees & Hope NV in Amsterdam or the main office of Kredietbank S.A. Luxembourg in Luxembourg. Payments will be made (i) in the case of any payment to be made in pounds sterling by a check drawn on a pounds sterling account, or by transfer to a pounds sterling account maintained by the payee, with a bank in London, subject in each case to any laws and regulations applicable thereto, and (ii) in the case of any payment to be made in U.S. dollars, at any agency outside New York City by a check drawn on a U.S. dollar account, or by transfer to a U.S. dollar account maintained by the payee, with a bank in New York City, subject in each case to any laws or regulations applicable thereto.

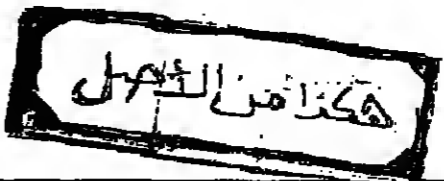
Coupons due May 1, 1979, should be detached and collected in the usual manner in accordance with and subject to the terms and conditions set forth above for the payment of Debentures. From and after May 1, 1979, interest shall cease to accrue on the Debentures herein designated for redemption.

Dated: March 28, 1979 AMOCO INTERNATIONAL FINANCE CORPORATION

NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

Q 37 285 467 1104 2002 4080 4510 6188 7729 8124 9328 14609 19779 22808 25246 49 297 471 5223 4073 4233 3082 8296 5763 8181 32990 4120 5723 7774 3878 14841 16822 19183 19338 19812 120 414 1077 3051 4284 4231 6107 7748 8184 8236 14841 16822 19183 19338 19812



Lance 'helped oilmen' in bribes case

BY OUR WASHINGTON CORRESPONDENT

MR. BERT LANCE, President Carter's former Budget Director, used his White House connections last year to arrange a meeting to help two American oilmen over a Qatar oil concession which they had earlier paid a \$1.5m bribe for, according to the U.S. Justice Department.

The Department in filing its suit against the two American businessmen connected with the Holcar Oil Corporation, alleged the bribe payment was made to Mr. Ali Jaidah, while he was Qatar's Director of Petroleum Affairs. Mr. Jaidah subsequently served as Secretary General of the Organisation of Oil Exporting Countries (OPEC) from 1976 to 1978, and is still with the organisation.

Both defendants, Mr. Eugene Holley and Mr. Roy Carver, have agreed to a consent order settling the suit, which forbids them from making any further payments of this nature to foreign officials.

The Justice Department said the \$1.5m payment was made through a Swiss bank account to Mr. Ali Jaidah, who left his Qatar post shortly after the early 1978. A new Director of Petroleum Affairs in Qatar informed the Holcar Company that its concession had been terminated.

Mr. Holley then allegedly sought Mr. Lance's help, and the former Budget Director, who was forced to resign in 1977, arranged a meeting for Mr. Holley with State Department officials.

Mr. Lance has not been



TOP: Mr. Ali Jaidah, and below, Mr. Bert Lance.

charged in this suit, but a federal grand jury in Atlanta is investigating his banking practices while he was head of the National Bank of Georgia. In addition, there is also a special investigation of the allegations that Mr. Lance improperly gave preferential loan treatment to President Carter's family peanut business.

Trudeau promises new oil pipeline

A LIBERAL Government would be prepared to spend a total of \$64bn (£1.66bn) on new oil initiatives if re-elected. Prime Minister Pierre Trudeau is expected to announce expenditure of \$35bn on an oil pipeline running south from Skagway, Alaska, and another \$29bn on a fourth project on the Athabasca oil sands in northern Alberta.

The pipeline would be built to avoid having oil transported by tankers down the west coast, with its high risk of catastrophe and pollution. Last year the Canadian Government turned down a proposal to build a \$750m oil pipeline to Edmonton from coastal Kitimat, British Columbia.

Meanwhile, the number of unemployed in Canada in March rose to 976,000 from 954,000 according to the Government statistics branch.

Gate shuts on Pakistan's nuclear path

BY DAVID BUCHAN IN WASHINGTON

A LEADING Pakistani nuclear scientist works for a spell at the gas centrifuge uranium enrichment plant in the Netherlands run by Ureco, a Dutch-German-British consortium, then returns home. Later, Pakistani buying missions spread out to West Germany, the Netherlands, Britain, even Japan and the U.S. in search of tubes of special alloys, high-frequency electrical converters, and certain other items.

Singly, these events hold no dark significance, but taken together, particularly when some of the items bought are apparently shipped back labelled textile equipment, suspicion begins to form.

Add in two further facts. France last year dropped, under U.S. pressure, its plan to sell to Pakistan a reprocessing plant to separate plutonium out of spent uranium. Second, Pakistan has no civil nuclear power plant that could use enriched uranium — its only operating reactor is a Canadian-built heavy water plant which uses natural uranium.

By early this year the State Department had come to the conclusion that Pakistan was building its own uranium enrichment plant — The Central Intelligence Agency has since checked out the site — with the very strong possibility that it intended to produce its own bomb within three to five years. But still the State Department dithered, conscious of the U.S.'s weak leverage on Pakistan and of the importance of that country to the U.S. in the wake of recent events in Iran and Afghanistan.

It sought assurances through diplomatic channels, even sending Mr. Warren Christopher, its Deputy Secretary of State, to Islamabad in early March. But evidently what the Pakistanis had to offer in the way of international safeguards was not enough. Rumours percolated from the European Press through to the Washington Press and the Department's band was forced last Friday.

The U.S. has cut off all development aid to Pakistan — worth \$40m in the year ending

this October and \$45m in the next fiscal year — plus a tiny amount of military aid, under an amendment to its 1978 nuclear non-proliferation Act which bars aid to states that do not allow international inspection of enrichment facilities.

Pakistan has angrily denied any intention of building a bomb, ascribing the U.S. move in part to a Zionist-inspired plot to stop Pakistan sharing advanced nuclear research with fellow Islamic countries.

U.S. officials feel that the aid ban — the most dramatic step yet taken under the Carter policy of actively discouraging the spread of nuclear weapons to countries that do not already have them — will caution suppliers of enrichment plant components that have, wittingly or not, done business with Pakistan. To this end, they have contacted other governments, including Britain's, and also claim to be tightening up their own export policy.

Otherwise, they admit the timing is terrible. Pakistan, in convulsions after the hanging

of its ex-Prime Minister Zulfikar Ali Bhutto (incidentally, a strong advocate of a Pakistani bomb both while in office and in jail), is in the worst possible position to react to U.S. pressures.

The U.S. now believes that Pakistan has been contemplating an enrichment plant, ever since the Indians exploded a "peaceful nuclear device" in the nearby Rajasthan desert in 1974 and all through its negotiations with the French.

But the U.S. action is likely to put Prime Minister Moraji Desai of India under renewed pressure to continue his nuclear programme where the 1974 explosion left off — just at a time when the U.S. is hoping to negotiate a new nuclear safeguards agreement with the Delhi government.

Pakistan is the biggest test so far of President Carter's non-proliferation policy. But other tests loom. The 1978 Act provides for a tightening of restrictions two years after its passage, in March 1980.

The U.S. will be required to cut off nuclear fuel supplies to non-nuclear weapons states unless they agree to "full scope safeguards" on all fuel, no matter what its origin.

Opponents of Mr. Carter's policy say these heavy handed threats have shaken non-weapons states' faith in U.S. reliability as a supplier, and have undermined the policy's main plank: that non-nuclear countries should eschew the potential dangers of reprocessing or highly enriching fuel, because Washington will keep on supplying them with low enriched uranium out of his enormous stockpile. It is also argued that it is not operating foreign built plants that non-nuclear countries get the know-how to build bombs, by having to do it all themselves.

The Administration answer is that knowledge about bombs cannot be stemmed. The only effective way is to deny countries, intent on creating their own nuclear panopoly, the wherewithal to do so.

BARCLAYS BANK HELPS INDONESIA (AND PYE TVT AND MARCONI) DEVELOP A 3000 MILE TV NETWORK

Barclays Bank International provided finance for the Indonesian Government to expand its Regional television services into a National satellite linked network. Major contracts were awarded to the British companies Marconi Communication Systems and Pye TVT, who are world leaders in the design and installation of television systems.

Barclays in Jakarta was involved

in setting up a loan to Indonesia in support of the contracts which brought national television to Java, Sumatra and Kalimantan.

We could help because we have our own people and our own offices world wide where they are needed for international business.

We can help you in New York, Paris and Moscow. In Hong Kong and Sydney.

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Teamsters talks near agreement

BY JOHN WYLES IN NEW YORK

TEAMSTERS' UNION leaders yesterday raised hopes of an early end to the 10-day shutdown of a large portion of the U.S. trucking industry. Before negotiations resumed yesterday morning, Mr. Frank Fitzsimmons, the union's president, said that he hoped to secure an agreement with the trucking employers sometime during the day.

At the end of Monday's resumed peace talks, which went on to the early hours of yesterday morning, Mr. Wayne Horvitz, Director of the Federal Mediation and Conciliation Service, reported that some progress had been made but cautiously stressed that problems still remained.

While Mr. Fitzsimmons's optimism could have been a tactical ploy, what few details are known indicate that the gap between the two sides is not large — possibly no more than 2 per cent on the total cost of the contract over three years.

But the trucking employers will be anxious for Government endorsement of any pact so that they can be sure of being allowed by the Interstate Commerce Commission to recoup

higher employment costs through freight increases. The last fairly clear indication of the Government's position was that it would tolerate a deal costed by the employers at more than 30 per cent over three years. After working its pay restraint guidelines to exclude certain payments, Administration sources were claiming that these proposals were broadly in line with the anti-inflation policy.

But deadlock arose over the union's demand for semi-annual cost of living payments for its 300,000 members instead of the annual increases on offer. The shutdown, which began as a wage strike and was extended by an employers' lock-out, is the longest in the industry's history. Although the car industry is hardest hit, some of the impact is being softened by the fact that some trucking companies covered by the national agreement are still operating.

According to Mr. Fitzsimmons, 1,000 of the 11,000 companies which operate the agreement have bought peace by signing agreements to operate contracts which apparently meet the union's unsatisfied demands.

Argentina prices rise

BUENOS AYRES — The cost of living in Argentina, a major concern of an increasingly restive labour movement, rose 7.7 per cent in March, the Economy Ministry has reported. The increase, led by sharp rises in the costs of school supplies, medical care, clothing and construction, put the consumer price index at 21,828, compared with a base of 100 in 1974. The index has risen 167.3 per cent in the past 12 months.

Wholesale prices rose by 7.9 per cent in March. Announcement of the figures, which put inflation in the first quarter of the year at 30.6 per cent was expected to give new impetus to demands by unions seeking hefty wage increases. Cost of living increases of 12.6 per cent in January and 7.4 per cent in February prompted sporadic strikes by workers. AP-DJ.

Accident 'raises new reactor problems'

BY OUR WASHINGTON CORRESPONDENT

THE Pennsylvania nuclear accident raises technical and procedural problems for about 43 of the 73 operating reactors in the U.S., and was not simply caused by human error on the part of the company operating the Three Mile Island reactor, a key Government safety committee has concluded.

The Advisory Committee on Reactor Safeguards has made certain far-reaching recommendations to Mr. Joseph Henrie, chairman of the Nuclear Regulatory Commission. Mr. Henrie yesterday promised Congress that his agency would "take whatever steps are necessary" to prevent accidents such as that in Pennsylvania occurring again.

The committee's key recommendation is that all pressurised water reactors should be provided with new instruments to give operators "an unambiguous indication of the level of the fluid in the reactor vessel." According to the NRC, the

accident at Three Mile Island was greatly aggravated when an erroneous pressure reading led an operator there to turn off the emergency cooling system.

Overheating led to considerable damage to the reactor's fuel core, and to subsequent radiation, the NRC adds.

Pressurised water reactors are one of the two basic types in the U.S. and companies building this type include Babcock and Wilcox, makers of the Three Mile Island plant, and Westinghouse.

General Electric, by contrast, specialises in boiling-water reactors, which do not appear to face the same problems.

The Governor of Pennsylvania has declared the crisis at the damaged Three Mile Island plant over, and has advised pregnant women and young children that they can now return to their homes in the area.

He had previously advised them, on the NRC's advice, to keep five miles away from the plant because of the danger of radiation.



 **BARCLAYS International**

WORLD TRADE NEWS

Iran continues cutback of Western arms contracts

BY SIMON HENDERSON IN TEHRAN

IRAN'S NEW Government is further pruning its orders for defence equipment. The bulk of its remaining American contracts are being cancelled as are deals with West Germany and Holland.

The U.S. has been told that two destroyers, a Tang-class submarine and consignments of Phoenix air-to-air missiles and Harpoon ship-launched missiles worth a total of \$1.5bn (£725m), are no longer needed.

West Germany and Holland also understand that their shipyard orders are cancelled.

The Dutch company Rijn-Schelde-Verolme (RSV) was to build eight frigates worth at least \$800m. West Germany was to make four similar frigates at a later date, and had a more immediate order for the HDW shipyard of Kiel for six submarines worth \$500m.

The cancellations mean that the only foreign defence contracts remaining are residual ones with the U.S. of less than

\$1bn covering spare parts and the supply of some technical services.

At the beginning of the year Iran's overseas order book was worth about \$15bn in defence equipment. About \$12bn worth of deals with the U.S. and Britain were cancelled at the beginning of February in the last days before the revolution.

Defence experts here said the cancellations reflected the complete lack of money and of skilled manpower in Iran. The armed forces efficiency has been seriously reduced since the revolution by desertions and a breakdown in discipline and normal chains of command.

In two cases the cancellations have come at the last minute. The Tang-class submarine was already commissioned and was on trial with a joint Iranian-American crew. The destroyers were also near delivery. Revolutionary chaos has meant that the staff in the Iranian Ministry of Defence

has been faced with an avalanche of inquiries from Western companies and Governments wishing to know the state of their contracts or seeking to impose penalty clauses.

Those involved say the administrative machine has been near paralysis.

Policy has also been confused. Two weeks ago, Admiral Ahmad Madani, the then Minister of Defence, indicated that Iran was still interested in its remaining defence contracts.

The U.S. is intending to sell Israel some of the F-16 aircraft originally destined for Iran, as part of its support for signing a Middle East peace treaty. No formal discussions have yet taken place on Iran's earlier suggestion that America buy back F-14 Tomcat fighters, now too sophisticated for its purposes. Grumman, the aircraft's manufacturer, is resisting the suggestion, as it would mean its own future sales to the U.S. navy might be jeopardised.



Mr. Bernard Lathiere (left), president and chief executive of Airbus Industrie poses with a Superman T-shirt which was presented to him by Sir Freddie Laker, chairman of Laker Airways, after the signing of a £250m contract for 10 European Airbuses.

Laker signs £250m Airbus deal

BY LYNTON McLAIR

SIR FREDDIE LAKER, chairman and managing director of Laker Airways yesterday ate his words describing the European Airbus as a "failure" when he signed a £250m contract for 10 of the aircraft.

His Airbus order is the first to be placed by a British airline and comes seven years after Sir Freddie said the Airbus was like a camel—hoity by a committee—and would be a failure.

There are now 187 firm orders and 97 options for the airliner and Sir Freddie was given a bold reminder yesterday that in January he admitted he had been wrong.

M. Bernard Lathiere, president of Airbus Industrie, signed the Laker contract, accepted a £225,000 deposit from Sir Freddie and gave him a blown-up photograph of his original note about "failure" with a signed footnote by Sir Freddie saying "I was wrong."

But Sir Freddie was not prepared to let the champagne ceremony at the Savoy, London go without a renewed call for lower air fares, this time in Europe.

He threatened to take the British and other European governments to the European

Court of Justice for contravening the Treaty of Rome which stresses the need for free competition in the EEC. Sir Freddie said there is no such thing as "free competition" in the airline business in Europe.

He intends to press for the same freedom of competition in European air travel as led to cuts in fares on the north Atlantic.

Laker Airways announced its decision to buy ten European A-300 B-4 Airbuses at last year's Farnborough Air Show. The company also signed a contract, last year, for five more McDonnell Douglas DC-10s, after the Bank of England approved Laker's financial arrangements for the contract.

The DC-10s were financed through the Japanese Mitsui Corporation's Tokyo headquarters. Laker has not given details of funding for the Airbus order.

The Airbus contract values the aircraft at an average of £22m over the period of delivery to the early 1980s, with a further £50m for spares and training.

The Laker Airbuses will fly on the airline's exclusive holiday tour routes, in

Europe, operating from Gatwick Airport, Surrey, Manchester and the company's continental base in West Germany.

Sabena Airlines transported 2,027,128 passengers in 1978, the first year the passenger load of Belgium's national airline crossed the 3m mark. AP reports from Belgium.

The airline's passenger and freight load factor reached 60.4 per cent last year—up 2.3 per cent compared with the previous year.

Meanwhile Antony Gibbs Holdings has concluded a loan agreement for £7.2m with Cathay Pacific Airways of Hong Kong. The loan will be used to assist Cathay in making payment to Rolls-Royce for RB211-S24 engines and spares being supplied for Boeing 747 aircraft to be delivered to Cathay in July. The loan, which will be guaranteed by the Hongkong and Shanghai Banking Corporation, is being funded by Antony Gibbs,azard Brothers, the Mercantile Bank and the National Westminster Bank.

Cathay recently announced the purchase of three 747s and has options on a further three 747s.

Austrian Chancellor still hopeful of Ford or GM go-ahead

BY PAUL LENDVAI IN VIENNA

CHANCELLOR Bruno Kreisky is still optimistic that one of the two major car projects now under consideration by Ford and General Motors will be undertaken in Austria.

When asked about the reported statement by Mr. Henry Ford to put off a final decision about the location of a new \$1bn (£480m) Ford plant, Dr. Kreisky merely said that such a delay would also give Austria a free hand to negotiate about a similar big project with General Motors.

The Chancellor, in an interview, said he was optimistic about Austria's chances. Even before the Ford postponement, General Motors executives were studying various sites for smaller plants in Styria and Carinthia. The labour peace in Austria, coupled with a reported offer of investments grants totalling some Sch 4.5bn (£170m), is evidently regarded by American auto executives as a key argument in favour of choosing Austria.

Meanwhile it is also thought here that Ford's decision to put off a final decision may also be linked with a reassessment of the entire project in view of the oil price increases.

Furthermore the forthcoming election here on May 6 is also regarded as a stumbling block, since Mr. Ford is not exactly keen on giving propaganda trump cards in the hands of a Socialist Government.

Meanwhile Mr. Kurt Horowitz, the economic commentator of the leading Austrian Daily, Die Presse, has for the first time publicly expressed doubts about the economic advantages of the entire project.

He referred to such arguments as the oil price problems, the dependence on foreign know-how and marketing, and the question whether Austria should opt instead for different and brain-intensive technologies. He also added that Sch 4.5bn worth of grants could be better spent on financing much needed structural shifts in Austrian industry.

Komatsu anti-trust hearing

BY RICHARD C. HANSON IN TOKYO

JAPAN'S FAIR Trade Commission (FTC) is to hold hearings on whether a contract between Komatsu and Bucyrus-Eri, a Wisconsin-based power shovel manufacturer, violates the anti-monopoly law. The FTC began its investigation last year.

It has been reported that Komatsu, the world's second largest manufacturer of construction machinery, feels the contract, which established a joint venture production company in 1963, is hindering its ability to do business. Komatsu is reported to have brought the contract in question to the attention of the FTC though Komatsu itself denies this.

The Komatsu-Bucyrus joint venture produces power shovels for use in mining and other similar operations. Komatsu entered the agreement at a time when it wanted to use U.S. technology to help establish itself rapidly. However the contract limits Komatsu's ability to export products to other countries and also binds it

through Bucyrus patent rights. It is understood that Komatsu now wants to free itself of these limitations, particularly when potentially huge markets like China are opening up, offering opportunities for products developed by Komatsu itself.

The FTC investigation is proceeding under provisions in the anti-monopoly law which give it the power to review international contracts for clauses which represent unfair trading practices. Normally, the contracts are submitted to

review within a month after signing and offending clauses are then eliminated before actual implementation.

The FTC has the power to order the elimination of contract clauses found in violation of the law. There has been a previous case involving a foreign company where a contract was found to be in violation of the law. In this case, the FTC won a Supreme Court ruling that the foreign company did not have the right to participate in the hearings.

U.S. urged to sell more

NEW YORK — Mr. Gale Kyu Choi, South Korea's Minister of Commerce and Industry, has urged U.S. businessmen to sell more to Korea to help correct the trade imbalance in favour of his country.

He said Koreans have the impression that not enough is being done by American businessmen to sell to Korea, compared with the very aggressive sales drive being under-

taken by Japan, the major competitor in the Korean market. Mr. Choi told the U.S.-Korea Economic Council that Korea realised a trade surplus with the U.S. of \$387m (£240m) on exports of \$3.7bn and imports of \$3.1bn in 1978. But, this trend, he added, is being reversed as Korea has registered a trade deficit of \$32m in the first two months of this year.

AP-DJ

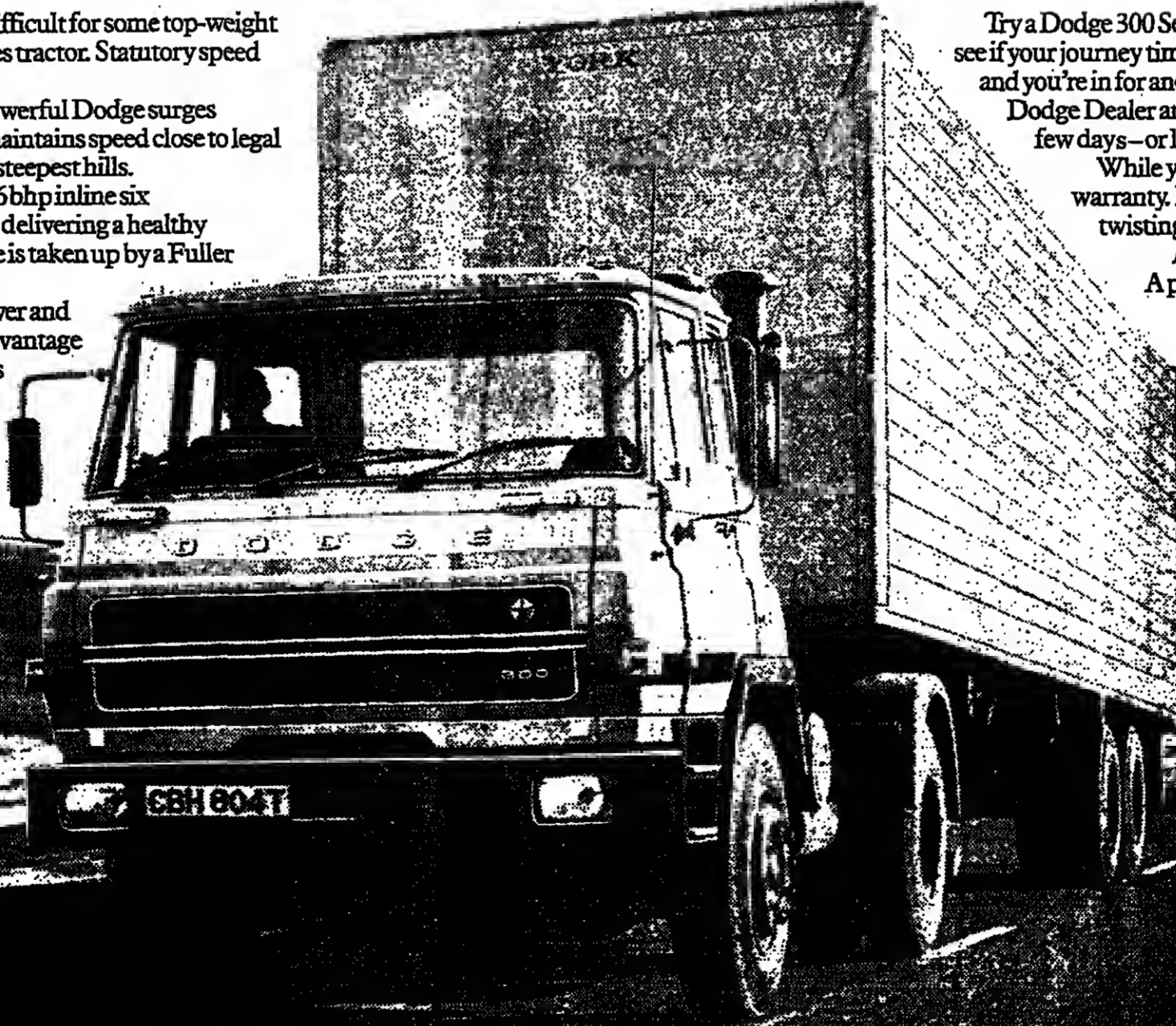
It eats up motorway miles and has mountains for breakfast.

On the flat, open road, it's not too difficult for some top-weight trucks to keep up with a Dodge 300 Series tractor. Statutory speed limits enable them to stay in touch.

But once the climbing starts, the powerful Dodge surges further and still further ahead. It easily maintains speed close to legal limits, even on some of Britain's longest, steepest hills.

Source of the Dodge's power is a 266bhp inline six turbo-charged diesel of 12 litres capacity, delivering a healthy 8.3bhp/ton at 32 tons gross weight. Drive is taken up by a Fuller RTO 9509A nine-speed gearbox.

By the end of the day, that extra power and performance add up to a considerable advantage—whether you see it as time saved or miles gained. And these days, even marginal differences are of critical importance to operating costs.



Try a Dodge 300 Series tractor on any route in the UK, and see if your journey times can be cut. Check on fuel consumption, and you're in for another pleasant surprise. Just contact your Dodge Dealer and tell him you'd like a demonstrator* for a few days—or longer.

While you're at it, ask about the unique two-year warranty. If you're impressed, don't be shy about twisting his arm for a competitive price.

And fast delivery? A piece of cake.

*Consult your local dealer for full details of all conditions relating to the use of Dodge demonstration vehicles.



DODGE 300 SERIES



کاماتس

Bad debts and business failures show increase

BY TIM DICKSON

BAD DEBTORS and business failures during the first three months of 1979 were much more numerous than in the previous three quarters.

Manufacturers, notably in engineering but also in clothing and furniture and upholstery, were worst affected.

These are the main conclusions of the latest figures from Trade Indemnity, Britain's largest underwriter of credit insurance, which compiles statistics on the irrecoverable debts and business failures affecting its policyholders.

Altogether, 380 failures were notified to Trade Indemnity in the first quarter of 1979, against 308 in the last three months of 1978 and 340 and 350 respectively in the second and third quarters of last year.

The latest figure, however, compares favourably with the 438 failures reported by Trade Indemnity in the comparable period of 1978.

Building and construction and the engineering and metals businesses, with 124 and 62 failures respectively, are the largest single components in the latest total of failures.

Engineering and metals increased on the comparable period last year.

Trade Indemnity's figures show fewer failures in 1977 and 1978 than in the previous two years, particularly at the retail

and wholesale end of the furniture, carpet and clothing trades.

Retailing and wholesaling continue to reflect the consumer boom with a further drop in the number of failures in the first quarter of 1979.

Trade Indemnity, which provides an ancillary debt-collecting service, also reports a sharp upturn in the number and value of accounts referred for collection over the latest period.

Altogether 1,535 accounts, worth £1.9m, were notified to the company, the highest totals since the third quarter of 1977.

Law Society publicity will cost £400,000

BY JAMES McDONALD

THE LAW SOCIETY yesterday launched its largest advertising campaign, costing £400,000, and also a new consumer magazine, Exchange Contracts, designed for the home buyer.

The advertising will be entirely in the national and regional Press. Designed by Saatchi and Saatchi, it will provide detailed, practical information on the services solicitors can offer.

Exchange Contracts, an expensive glossy publication, will be produced quarterly by a new company, Home and Law Magazines, in conjunction with the Law Society. More than 200,000 copies will be given free by conveyancing solicitors in

England and Wales to clients buying their own homes.

The publication, which will also be on sale for 50p at book-stalls, will outline legal pitfalls facing home buyers and contain articles by experts on home improvements, modernisation and furnishing.

Hospital plan

WORK ON a new £10m general hospital in Lincoln will begin in September, the Trent Regional Health Authority announced yesterday. The main buildings, on a site next to Lincoln County Hospital, are due for completion in 1984.

Gambling laws 'hinder lotteries'

By Colleen Toomey

BRITAIN'S gambling laws are a hindrance to local authority lotteries according to Mr. Horace Cutler, leader of the Greater London Council. He said yesterday the upper limits on prize money should be lifted if London Lotteries was to be more profitable.

The lottery, made up of London's 20 local councils, celebrated its first anniversary yesterday with the launch of a new-style lottery ticket.

Littlewoods, the Liverpool-based pools giant, was at the second year launch — selling its "new-image" tickets to London mayors from the participating boroughs. Each 25p ticket carries a 10 to 1 chance of a prize — from 50p to a £1,000 jackpot.

In the last year local lotteries raised £2m for various community projects — money made at a time when the future of such lotteries became increasingly uncertain.

The GLC has so far aided the Old Vic appeal, contributed towards saving Captain Scott's ship, the HMS Discovery, and sponsored a London art and photographic competition.

Local authorities get 40 per cent of lottery revenue. A further 40 per cent goes on prizes and the remaining 20 per cent covers the organiser's expenses and commission.

Neave assassins could still be in Britain, says Yard chief

BY COLLEEN TOOMEY

SCOTLAND YARD is working on the theory that the terrorists who planted a bomb in the car of Mr. Airey Neave are still in Britain.

Mr. Neave, Tory Shadow Northern Ireland Secretary, died after the bomb went off in his car as he left the underground car park at the Commons on March 30.

Artists' impressions of four men the Yard wishes to trace were issued yesterday and will be sent to police in the Irish Republic and forces throughout Britain.

Commander Peter Duffy, head of the anti-terrorist branch, said yesterday: "I believe that one of these men could have been the bomber, or there could have been more than one," he said.

He appealed to boarding-house landladies and small hotel-owners, particularly in Pimlico and Victoria, to contact the police if they recognised any of the men from their impressions. The bombers, he added, might have been living in London for some time in a "safe" house. He asked people who rented accommodation to see if they recognised the artists' impressions.

The bomb was a two-stage device incorporating a time-delay mechanism of up to 12 hours and an inertia tilt switch. The clock opened the electrical circuit to allow a mercury contact to operate when the

vehicle was at an altered angle, such as the ramp of the Commons car park, or because of heavy braking. It was small, the Commander said, about the size of a dictation cassette, and contained not more than 1lb of military-type explosives.

Cmdr. Duffy warned people who thought they were potential targets not to park their cars unguarded in the street. He advised anyone who felt vulnerable to lock his car in a garage and check underneath it before driving.

General Accident drops crash claims scheme

BY ERIC SHORT

THE GENERAL ACCIDENT Group, the largest motor insurer in the UK, has abandoned an experimental scheme to speed up the reporting and settlement of motor accident claims because it failed to get the support of other insurers.

General Accident started its experiment in 1974 by asking 70,000 policyholders in the South West to keep an agreed statement of facts form in their cars and fill it in, with the other driver involved, after an accident.

The form was based on the European accident statement used successfully in France, West Germany, the Netherlands, Belgium and the Irish Republic. It provided a basic record of agreed facts, such as names and addresses of drivers, owners,

witnesses, direction of travel of the cars at the time of the accident and their position after impact. The other driver would send a copy of the completed form to his insurers. Even if he refused to co-operate, the form was still useful for recording facts on the spot.

General Accident says that in most accidents where it was the insurer for both motorists, the forms facilitated the settlement of claims. But other insurers were reluctant to support the scheme, mainly because of costs and the existence of current claims agreements between UK insurers.

Mr. John Sheather, assistant general manager (UK), said the company was still enthusiastic and believed that a similar scheme would eventually be implemented.

Engineering jobs boost for Northern Ireland

MORE THAN 100 new jobs are expected to result from a joint investment in an Ulster engineering company by a U.S. corporation and the Northern Ireland Development Agency.

Mr. Ralph Ehrmann, chairman of Clabir Corporation of Connecticut, has signed an agreement with Mr. Roy Mason, Secretary of State for Northern Ireland, for an investment in Everton Engineering, the Newtownabbey-based engineering company.

Everton, which handles heavy fabrication work, and makes equipment for the power generation industry, is part of Wharton Engineers, of Elstree, London.

Clabir and NIDA will invest new equity capital in Wharton Everton as part of a major re-financing of the companies.

Winter sea link to Scandinavia

MR. J. M. ROMSLO, managing director of North Sea passenger traffic for the Fred Olsen Bergen Line, said yesterday that next winter the company hoped to carry 50,000 passengers between the Tyne and Scandinavia. It wants to recoup traffic, the fall in which is blamed on the strengthening pound and the novelty in Norwegian of shopping in the UK wearing off.

Code of practice for photographic trade

BY OUR CONSUMER AFFAIRS CORRESPONDENT

A CODE of practice for the photographic trade was laid down yesterday by the Office of Fair Trading and seven trade associations.

The code is aimed at reducing the number of complaints about cameras and film processing received by the office, at present about 3,000 a year.

The associations supporting the code represent retailers, manufacturers, importers, film processors, repairers, and professional photographers. The scheme covers about 16,000 companies, accounting for more than three-quarters of the total UK photographic trade.

the so-called professional photographer," the Institute of Incorporated Photographers says. The institute is one of the seven associations supporting the code.

Under the code, companies agree to provide detailed information on the operation, care and maintenance of cameras. Other points include giving delivery dates in writing, displaying prices, and carrying out repairs within 21 days.

Mr. Gordon Sorrie, director-general of Fair Trading, said he believes the code would guarantee customers efficient and sympathetic treatment.

"I am also pleased to see that retailers are encouraged to give their staff more training, both in dealing with the public and in technical knowledge," he added.

But he was "somewhat disappointed" that the code was not more forthright about compensation by processors and retailers when films are lost or damaged.

Guarantee

A particular target of the code is the activities of "rogue" photographers, who overcharge, produce poor quality work, or fail to turn up at weddings. "Many a bride's big day has been ruined because she has been let down in some way

Homes and jobs worry rural communities

THE HIGH cost of housing and lack of jobs in the countryside are highlighted in a report published yesterday.

In the report — Whose Countryside? — the Standing Conference of Rural Community Councils says that these two problems are causing many younger people to leave rural areas.

The average price of houses in national parks and areas of outstanding natural beauty is significantly higher than in adjacent urban areas. A Government survey of houses sold in 1974-75 showed that in four of the five districts in the North of England containing large areas of the kind mentioned, average prices were at least 30 per cent above the regional average.

The rural community councils point out that difficulties of communities in attractive countryside are worsened by their designation as areas of natural beauty. Designation, the report says, tends to restrict building and the development of workshops and businesses. The standing conference says it wants the beauty of the countryside maintained, but not at the expense of residents. It recommends better co-

ordination between government departments and agencies in planning for areas of natural beauty and greater local involvement in the administration of such areas.

Big increase in Port of Tyne traffic flow

THE PORT OF TYNE has had its most successful year since the Port Authority was formed in 1965.

Cargo movements through the port rose from 4.87m tonnes in 1977 to 5.06m tonnes and the number of passengers using the ferry services to Norway, Denmark and Sweden increased by 40,000 to 212,000.

The net operating surplus for the year was £831,982 and capital expenditure amounted to £122m.

The authority is to spend £1m on improving facilities at one of its roll-on, roll-off berths at Tyne Commission Quay, North Shields. The paved area for container parking will be improved and the passenger reception building and car park will be enlarged.

The idea that's hatching at our refinery is a real cracker. A £150 million catalytic cracker complex, no less — replete with delights for the technology buff; alkylation, isomerisation, deisobutanisation, the lot.

But to most people outside the oil business, that could be good news, bad news, a tax dodge or an excuse to put up prices.

So why should anyone care? For one thing, it should boost Britain's balance of payments by around £40 million a year.

And for another, it anticipates a conservationist trend in the way Britain uses oil.

Most British refineries, ours included, produce large quantities of heavy fuel oil — used mainly for industrial heating and electricity generation. But those jobs can be done just as well by other fuels. In years to come, it won't make sense to burn a scarce resource like oil for heating when it could be used to make petrol, jet fuel and lubricants — products for which there's no satisfactory alternative.

That's where the cracker comes in. It's an 80-foot vertical steel column in which heavy fuel oil molecules are cracked up into smaller structures; when they're reassembled, we end up with less fuel oil — and an extra supply of petrol.

Good news for us, because petrol is a more valuable product.

Good news for Britain, too. Instead of having to top up our petrol supplies with expensive imports, we'll have a healthy surplus to export. Which is where the balance of payments benefit comes from.

Too good to be true? Certainly it's risky trying to anticipate changes in market demand, especially with a project which takes four years to complete.

But we had to find £150 million to fund the project; and you can't raise that kind of money without convincing some pretty shrewd people that your idea is all it's cracked up to be.



Cracking idea.

Newton first edition tops list at £5,000

SOTHEBY'S yesterday completed its two-day sale of medical and scientific books for a final total of £100,260. Top price was the £5,000 from H. M. Fletcher for a first edition in English of Newton's *Mathematical Principles of Natural Philosophy*. Riley-Smith gave

1760 and the second of £1,100 for *Mothers and Their Children*, a pair of Octavia Campotosto.

There were two very high prices at Christie's auction of coins: a dekadrachm, signed Kimon, struck around 425 BC at Syracuse, Sicily, sold for £7,500 to Saunders, the London dealer, and a similar coin, this time signed by Euainetos, went to Spink for £5,200. The sale totalled £66,865.

Phillips organised an auction of firemarks and sold a lead firemark of Glasgow Insurance for £850. It dates from between 1805 and 1841, when the office was in business. A rare Newcastle fire office mark sold for £460 and a Church of England firemark made £220.

Jewels at Christie's South Kensington brought £26,842. A pair of diamond cluster chandelier earrings sold for £1,500.

SALEROOM

BY ANTONY THORNCROFT

£2,500 for William Harvey's *Anatomical Exercises*, a first edition. Fletcher also acquired a rare first edition of Harvey translated into Dutch for £1,850. Two minor sales at Sotheby's covered ceramics and at Belgrave, Victorian paintings. The first had a top price of £560 for a German porcelain snuff box of



Oscar boosts EMI profit hopes

EMI's prospects of a sizeable cash return on its investment in the controversial but much acclaimed film The Deer Hunter have been further enhanced by its winning the Oscar for Best Film of 1978.

Move to force Companies House to open its doors fails

LEGAL ACTION to force Companies House to open its doors to private users—they are closed because of the civil servants' pay dispute—failed in the High Court yesterday.

Registrar's failure to make available information under the 1948 Companies Act. This was dismissed by Mr. Justice Neill in the Queen's Bench Division, as the Crown Protection Act made it impossible for the court to issue an injunction against a servant of the Crown (and the Department of Trade).

registration of companies and other activities. Inter Company Comparisons pointed out that while other staff were working normally, Government Department were continuing to obtain information not available to other users.

Truck output buoyant, but car production declines sharply

EMIL still riding a financial storm attributed to problems in the medical scanner market has been criticised for spending much of its investment cash on production in the U.S.

CAR PRODUCTION in the UK eased back in March from the February level and remained well below the output for the same month last year.

BL plant at Speke on Merseyside. The plant produces bodies for the Dolomite and components for the TR-7 sports car which are assembled in the Midlands.

The UK Department of Trade, says he has been told that the Japanese Government supports the co-operation moves between Honda and BL.

Treasury investigates possible breach of dollar premium rules

THE ENFORCEMENT Branch of the Treasury is investigating a possible breach of the dollar premium rules.

and stockbrokers withdrawing from the exchange control permissions previously granted to the solicitor.

Chief replaced

ILLNESS prevents Mr. Raymond Hill, senior vice-president of the Institution of Civil Engineers, from taking up the presidency of the institution in November.

Problems Commercial vehicle production this year has had a good run, apart from the problems associated with cut-backs during the lorry drivers' dispute in January.

Fulham offer on £400,000 debt

FULHAM Football Club, ordered by the courts to pay a £400,000 debt, said yesterday that it had made a "reasonable" offer to Financial and General Securities.

Alpine disposed of the debt to Financial and General Securities. Last week Financial and General gave Fulham seven days to pay. Otherwise, it said, it would seek to enforce a court order requiring Fulham to repay the £400,000, which includes a large sum due in interest payments.

Nuclear sites may be hard to find

THE WATT Committee under the chairmanship of Dr. Jack Chesters, examines Britain's energy requirements from the standpoint of seven possible energy scenarios proposed by the Department of Energy.

Bank of Scotland in tax shelter deal

THE BANK of Scotland is to manage a new leasing company for Gerrard and National Discount, the leading City discount house, in a deal said to be the first of its type undertaken by a clearing bank.

Consumer code urged for double glazing industry

THE PRICE Commission yesterday recommended a number of measures to protect consumers on prices and competition in the fast-growing market for double-glazed windows and doors.

Worldwide Investment in the United States

What are the prospects for foreign investment in the United States? New York in world finance — what will be its position in the next decade? Why the United States is so important to the international banker.

Form for Worldwide Investment in the United States conference, including contact details for Financial Times Limited and a coupon for more information.

U.S. bank opens in Manchester

MANUFACTURERS Hanover Trust, the fourth biggest U.S. bank, with assets of more than \$40bn, has opened a representative branch in Manchester.

School fees ban reinforced

LABOUR'S POLICY of preventing local authorities from paying fees for places at private schools was reinforced yesterday by a High Court ruling against the Conservative-controlled Greater Manchester Council.

Lord Advocate to become judge

SCOTLAND'S LORD Advocate since 1974, Mr. Ronald King Murray, is to become a judge in Edinburgh's Court of Session, it was announced yesterday.

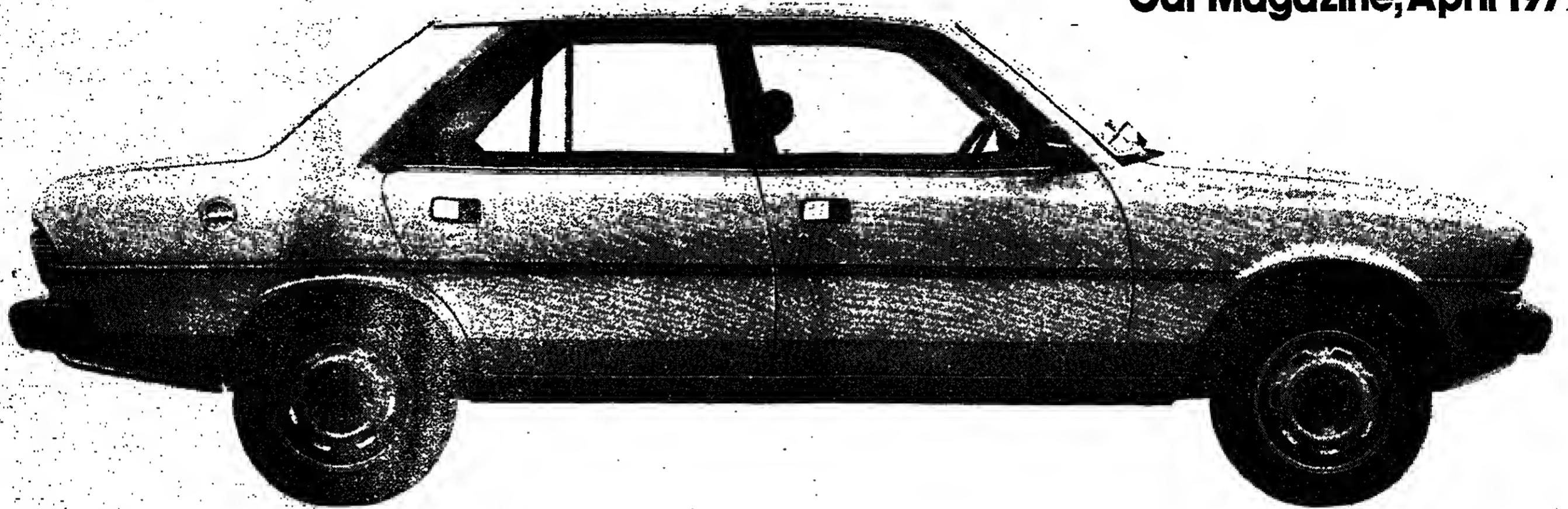
Advertisement for Justwise Ltd. metric converters, featuring an image of a calculator and promotional text about the benefits of metric conversions.

"BEST FAMILY CAR- OVERALL CAR OF THE YEAR-"

What Car?, April 1979.

"I FEAR THAT I SHALL NEVER FEEL SO MUCH AFFECTION FOR A CAR EVER AGAIN."

Car Magazine, April 1979.



"What Car? Annual Review"

"This year we decided to vote for our Car of the Year again—and have chosen the Peugeot 305SR."

"Over the past year we have tested more than 120 cars."

"As last year we are splitting the wide variety of cars we have driven into various groups, but this time the categories are slightly different."

"Each class has its own winner, found by awarding cars points out of 100 under a total of five headings, with a maximum of 20 points on each count."

"In the end we arrived at nine individual group winners, one of which turned out to have the highest overall total. This year our Car of the Year is the Peugeot 305SR."

"The 305 is a slightly up-market four door family car. It is French, with a front engine driving the front wheels. It has four doors, enough room for four adults and their luggage, is reasonably fast, handles safely and is well equipped."

"The Peugeot 305 combines the advantages of space and safety offered by front wheel drive, while retaining a traditionally shaped, roomy body. It offers a degree of comfort and luxury unusual in a car of the class—the opposition will have their work cut out to match its stylish ride."

"The 305 is typically Gallic, with front wheel drive, and a thoroughly sensible approach—a large boot for luggage, large passenger area and a transverse engine up front. The 305 is also blessed with one of the best gear changes we have ever come across...so light and precise that changes can be slurred making passengers think it's an automatic. Our Car of the Year offers smooth luxury unusual in a car of this class."

"French car manufacturers seem to have found the knack of producing everyday cars with the sort of luxurious ride comfort found only in limousines. Peugeot's new 305 range is a case in point—aimed squarely at the family man as his regular transport, and yet offers the sort of comfort a chauffeur driven executive would expect."

"The success it has already had is well deserved and we can be certain that it will still be in production in ten years time—something that can't necessarily be said of its rivals here."

What Car?, April 1979, Annual Review, and comparative test with Fiat Supermirafiori, Princess 1700 HL, Renault 18TS.

Car Magazine- "A long term test with a difference"

"Just one of the astonishing things about the 305 is how well it handles."

"...the gear change for example: it is not only the nicest to be found in any front-wheel drive car but it is also one of the very nicest to be encountered in any car."

"The rest of the credit presumably goes to the transverse location of the engine, the block of which is tilted 20° forward to make things even better. Space saving under the bonnet has not been taken too far, though, for although there is not much space wasted there is room to get at the things that are likely to need attention, even if nothing ever actually did."

"The 305 suspension, like that of its big brother 604, must surely represent the state of the car-builder's art."

"Just as nothing seemed to be consumed, likewise nothing seemed to deteriorate. The finish looked everywhere as good at 9000 miles as on delivery."

"...the cabin was impressively roomy: once again the long wheel-base might have something to do with it, for the car is not over-long overall, being an inch shorter than a Cortina"

"The Peugeot's controls are excellent, well-sited and have superb actions. The instruments are easily seen and tell no lies, and the night lighting of the fascia is first-class. There is a complex array of heated and fresh air vents, yet the controls are straightforward, even to the first-time driver."

"On almost every count, the 305 is highly competitive with its obvious rivals, most obviously in matters that can be quantified and set down in figures but most convincingly in the sweetness of its behaviour."

"It is difficult to overstate this case, hard to think of any other car short of a Rolls-Royce in which the controls feel as though they have been matched and lapped and polished and hand fitted by a jeweller, and impossible to imagine how Peugeot have achieved this in mass production."

"In the absence of any serious faults or many trivial ones, it seems almost tedious to keep on piling up praise for the way this car behaved, but it would be unjust not to do so. With such exemplary manners, such silken feel, such admirable comfort and such unfailing reliability, the Peugeot 305 must obviously be a very good car. What made it even better was its ability to rise to the occasion, to meet requirements that ought to have been beyond the normal call of duty."

"Never have I encountered a car that could serve for so long without letting me down in any way, that could serve so satisfactorily for such a variety of journeys, and that could sustain such astonished delight over its virtues, as did this 305."

Car Magazine, April 1979. Long term test and comparative test with Renault 18GTS and Honda Accord.

Please send me full details of these articles.

Name: _____

Address: _____

Tel: _____

Send to: Customer Relations, Peugeot Automobiles UK Limited, 333 Western Avenue, London W3 0RS. Tel. 01-993 2331.



OPPORTUNITY FOR PRIME POSITION DEPARTMENT STORE IN DUBAI, UNITED ARAB EMIRATES

Prime-position Department Store premises are now ready for occupation in the booming, oil rich U.A.E.

Within the last decade, a lot of the world has discovered the UAE — and not just for its oil. Along with free trade and hectic commercial enterprise, the UAE enjoys one of the highest per capita incomes in the world — with high, tax-free salaries giving a large percentage of the population tremendous purchasing power.

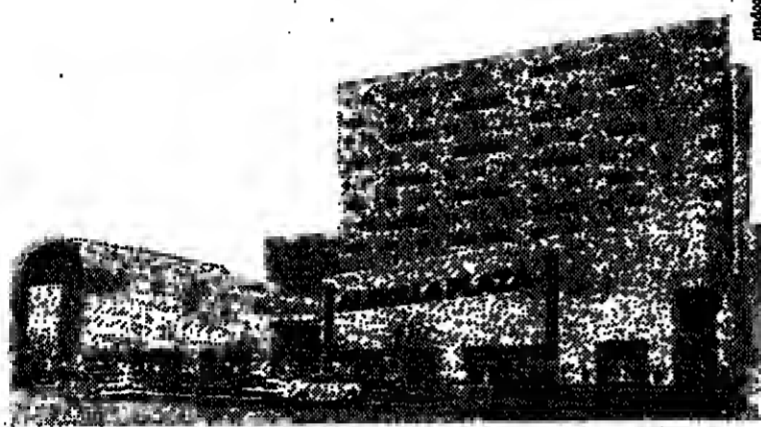
Dubai is the hub of this commercial activity — and that's where we've built Al Mulla Plaza, a one-stop Shopping Centre-cum-residential complex. It's situated in a prime position on the only link midway between two Emirates, the busy Dubai-Sharjah Road.

In addition to the 100,000 sq. ft. Department Store premises now available, the Plaza houses 108 apartments and a three-level shopping centre with a supermarket, 45 small shop units, restaurants, games rooms and play areas, all centrally air-conditioned, with extensive, landscaped parking space outside.

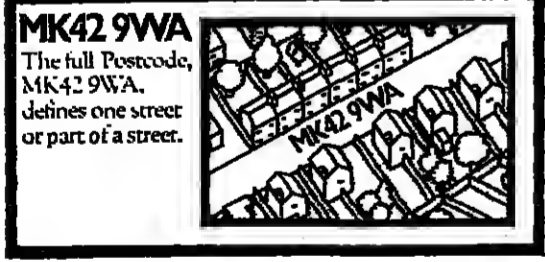
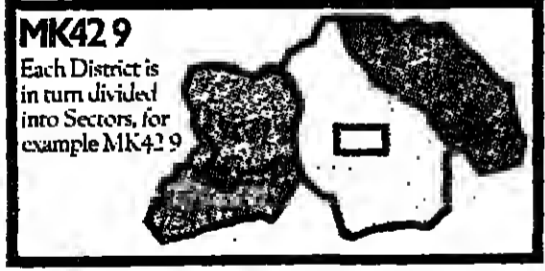
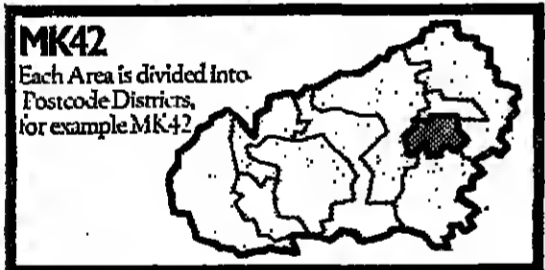
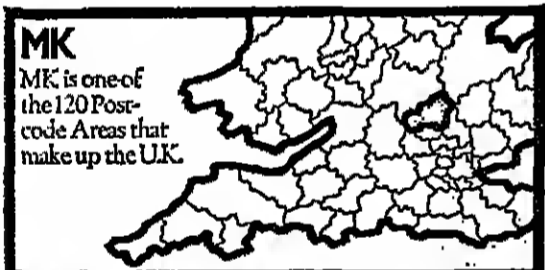
Looks like the prime time for inquiries, doesn't it?

Full details on request to:

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ALMULLA PLAZA



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UK NEWS



On the market today: Datsun's Cherry hatchback, Renault's 30TX, and Mazda's Montrose

Japanese launch two new cars to-day

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT.

A CLEARER indication of the approach the Japanese will bring to the UK car market in 1979 emerges today with the launch of two new Japanese models.

Mazda, the only importer to hold down its sales last year to 1977 levels, maintains it will have more cars available in 1979. The manufacturer, Toyo Kogyo, has promised 3,000 to 4,000 more than the 12,810 Mazdas sold in the UK in 1978.

However, the importers of Datsun cars insist they still have no idea of how many will be shipped in 1979 by the makers, Nissan. Datsun sales rose from 32,133 to 101,735 last year, pushing up the company's market penetration from 6.21 to 6.39 per cent of new car registrations at a time when the Japanese were committed to restraint.

Today the third generation of Datsun's front-wheel-drive small

car is launched in the UK, and the Cherry name will be used once again.

The new range of five models is important to Datsun UK—150,000 Cherrys have been sold in Britain since the British launch in 1970 and they have accounted for roughly one third of annual sales.

The new cars started to arrive in the UK only last month but Datsun UK says about 2,000 are spread among its 360 dealers in readiness for the launch.

It expects the Cherry will continue to contribute 28 to 30 per cent of total sales—indicating that about 30,000 would be registered in a full year.

Prices range from £3,649 for the 1.6 GL saloon to £4,449 for the 2 litre GLS coupe.

Renault also expands its range of cars in Britain today with the launch of its "executive express," the Renault 30TX, which marks the beginning of a determined advance into the executive segment of the market with competitors like the Rover saloon and the Ford Granada.

The new TX is based on the 2.7E litre Renault 30TS but has more power, greater technical refinement and a higher level of equipment.

For 27,718 customers get a car with fuel injection, transistorised ignition, a five-speed gearbox, central door locking and heating ducts for rear passengers. Another £250 will buy an automatic version. The only optional extra is leather upholstery at £245.

Mazda Imports (GB) estimate they will sell about 4,000 before the end of 1979.

In the UK, two engine options (to power the rear wheels through either four or five-speed manual gearboxes with an automatic option) will be available to provide a choice of three models: a 1.6 litre saloon, a 2 litre saloon and a 2 litre coupe.

Advertising report criticises 'illogical' competition policies

BY MICHAEL THOMPSON-NOEL

THE PRICE Commission is not fully aware of the true meaning of competition, according to accusations levelled today in a report by Dr. Duncan Reekie, a specialist in business economics at Edinburgh University. He suggests scrapping Government price and advertising controls.

His report, Advertising and Price, sponsored by the Advertising Association, sets out, in part, to establish that advertised brands do not rise as rapidly in price as other products. In fact, the report claims advertising helps check cost of living rises.

As an example, Dr. Reekie compares changes in the price of 65 heavily-branded foods with changes in the Retail Price Index for food and shows that in 1978 the index was four times its 1964 level, while the price of the heavily-advertised brands was only a little over three times their 1964 level.

He also sets out to show that advertising—£2bn industry in turners' and retailers' costs, due to increases in turnover and the benefits of product recognition.

Price controls, says Dr. Reekie, are ill-considered and will distort the structure, conduct and performance of industry.

Although anti-monopoly legislation in Britain was first intro-

duced in 1948, he says, the policy has been frequently criticised for lack of clarity and the inconsistency of its objectives.

"The Price Commission Act, 1977, in itself contains provisions which could bring Britain closer to having a true competition policy. It also supercedes much of the Competition Act, 1973, which had pushed much of the previous initiative on competition policy, the 1973 Fair Trading Act, into a position of limbo. However, because neither Act effectively defines competition in terms of market structure, conduct or entry in either of the markets for goods or services, or in the capital market, their practical impact in shaping competition policy must remain in doubt," he says.

The evidence of his studies, Dr. Reekie says, suggests that the Price Commission is not fully aware of the true meaning of competition. "For economists, as for laymen, competition means rivalry, which means industry entry, potential or actual, and market share expansion, real or threatened."

Such rivalry could only be successful if it benefitted the consumer. The rivalry may, but does not, include higher or lower prices, better or poorer products or higher or lower advertising. It was not, however, restricted

to the perfect price competition.

"What consumers want, says Dr. Reekie, can only be revealed by their purchases; in the market, undistorted by Government influence. "The underpinnings of Britain's 'competition policy' are illogical and so require removal. They exemplify the approach of the inventory clerk, not the economist. The inventory clerk examines current consumption and advertising and concludes that they are ill-matched. The economist is not so arrogant. He does not prejudge the market... Likewise, manufacturing and advertising costs cannot be judged by outsiders as they occur."

Dr. Reekie's advice to housewives is that where they shop is more important than what they buy. They can save significantly more by changing shop than by changing brand, he claims.

He also criticises own-brand goods. "Private brands lower the retailer's costs by having a faster stock turnover, but this is only true of established product groups. Where quality or variety is changing, the reverse is the case. Private brands have an important role to play in the competitive process, but that role is essentially one of price."

"By virtue of what they are, at best imitators of yesterday's successes, they have only a negligible competitive function in the areas of quality, service or innovative rivalry. Do we want yesterday's products more cheaply, or tomorrow's products today?" There is no simple answer to that question, he agrees.

In specific studies of the use and impact of advertising, Dr. Reekie shows how it was used to "create" markets (domestic washing machines and dried milk powders), maintain one (chocolate and sugar confectionery) and revive one (gramophone records). In each case, scale economies had been gained or re-attained, real price levels reduced (relative to the Retail Price Index) and company profits and added value raised.

Advertising and Price, Dr. Duncan Reekie, The Advertising Association, Abford House, 15, Wilton Road, London SW1, £8.

CONTRACTS

Aiton win £10m pipework order from CEGB

AITON AND COMPANY, a Birmingham. It has been awarded a contract worth 126,000 for 20 coolers for the gas turbine division of the General Electric Company at Whetstone, London, and another worth over £130,000 from British Rail for 80 oil coolers for the class 56 heavy freight locomotives.

The Post Office has ordered over £3.3m private telephone exchange equipment from the private systems division of GEC TELECOMMUNICATIONS. The orders cover branch exchanges for various Government offices throughout the country. The equipment is being made in the company's factories at Aycliffe and Hartlepool.

KIRK AND KIRK, Chesham, Surrey, has won building contracts totalling over £1.3m, including an adult training centre at Chadwell Heath, costing £551,000 and old people's housing in Camden for £227,000.

DECCA has received orders for two ship simulators (for training bridge officers) each worth about £300,000. They will be installed at the Colleges of Nautical Studies in Glasgow and South Shields.

CORRALL CONSTRUCTION, a Powell Duffryn company, has two housing association contracts together worth £450,000—one for 20 homes in Chiswick High Road, placed by the Family Housing Association, and the other for 18 flats in Greencoat Place, from Coburg Buildings.

A. I. Metal Products Group has awarded BIRLEC orders valued at about £200,000 as part of its foundry development plans. The orders are for channel holding furnaces to be installed at two foundries within the group, the Walsall foundry of Mason & Burns, and the Tipton foundry of Bullers Engineering.

HARLAND AND WOLFF has ordered fire protection systems worth over £300,000 from JOHN KERR (MANCHESTER) for two liquid petroleum gas carriers to be chartered by Shell.

TWO ORDERS worth more than £250,000 have been won by SERCK HEAT TRANSFER of

High Speed Train sets world record

By Ian Hargreaves, Transport Correspondent

British Rail's High Speed Train yesterday set a world speed record on the London-Bristol run.

The 9.20 am diesel from Paddington, with 300 passengers, covered the 94 miles to Chippenham, its first stop, in 50 min. 31 sec.

This gave it an average start-to-stop speed of 111.7 mph, 5 mph faster than the previous world record claimed by the Japan National Railways Shinkansen service between Tokyo and Nagoya.

The train arrived in Chippenham six minutes early—a feat attributed by British Rail to the unusual absence of engineering works and speed restrictions on the line.

British Rail will be bidding for the world speed record for a regular service when the new timetable is introduced on its Eastern Region next month.

Then the High Speed Train will complete the Stevenage-Peterborough leg of its journey regularly at an average speed of 104.5 mph. That is 3.4 mph faster than the Tokyo-Shinkansen section of the Shinkansen.

Advancing

This record is unlikely to be retained for long, however. Top speeds of more than 186 mph are planned for the new electric Paris-Lyons route of SNCF by 1982. British Rail's own highest scheduled speed should be lifted by the commissioning in the next year of the Advanced Passenger Train.

The world speed record is held by a linear induction motor research vehicle of the U.S. Federal Railroad Administration, which in 1974 recorded 254.76 mph on a test track in Colorado.

When British Rail's Mallard established the world steam-engine speed record in 1938, it reached 126 mph over a distance of 440 yards during its run and sustained severe engine damage.

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ANNOUNCEMENT OF ADJUSTED CONVERSION PRICE

To: All Bondholders

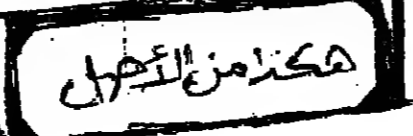
Pursuant to Clause 8(6) of the Trust Deed dated 7 October 76, Notice is hereby given that the conversion price of the above Bonds has been adjusted from S\$ 4.30 to S\$ 4.10, for one share of S\$1.00 par value of The Development Bank of Singapore Limited ("the Bank") following the offer of shares by the Bank to its shareholders by way of a rights issue in the proportion of one new share of S\$1.00 par value at an issue price of S\$3.50 per share for every four shares of S\$1.00 par value held by shareholders registered in the Register of Members at the close of business of 3 April 1979.

The conversion price of the Bonds into the shares of the Bank at the rate of S\$ 4.10 for one share of S\$1.00 par value shall be applicable with effect from 4 April 1979.

BY ORDER OF THE BOARD

LIM SEAN TECK
Secretary

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4th April, 1979, Singapore Time



Warning to Thatcher as railmen seek 13%

BY PAULINE CLARK, LABOUR STAFF

THE NATIONAL Union of Railwaymen, Britain's biggest rail union, will demand a pay increase of between 12 and 13 per cent and resist any attempt to trade jobs for a productivity deal in pay talks with British Rail board tomorrow.

Mr. Sid Weighell, general secretary of the 172,000 strong union, also gave a warning yesterday that if a settlement were not reached before the election and the union had to continue negotiations under a Conservative Government, Mrs. Margaret Thatcher, the Tory leader, could expect to see her hands.

"If she can tell me how I can discipline a quarter of a million railway men, I would be interested," he said. If the country wanted free collective bargaining, it would get it after May 3 if the Tories were

returned and "union leaders will be queuing up outside 10 Downing Street."

Priority

Mr. Weighell made it clear, however, that he was anxious to see railway pay negotiations out of the way before the election.

The union had set its sights on establishing firm pay links with miners, power workers and postmen and 12 to 13 per cent pay rises were regarded as "the going rate" for these three groups, Mr. Weighell said.

Mr. Weighell was outlining the union's stance ahead of this week's Railway Staffs National Negotiating Committee meeting after the NUR executive decided that this year's pay claim must take priority over any other issue.

The meeting will also discuss the 5 per cent award to members of ASLEF, the train drivers' union, by the Railway Staffs National Tribunal under Lord MacCarthy. The NUR is anxious to make clear in advance that it will strongly oppose any attempt to have the award coset out of this year's wage bill.

Mr. Weighell said the award, if distributed to 18,000 train drivers, would amount to a pay rise of 2½ per cent.

The union is looking for a minimum earnings level of about £55 a week. A railman's present rate, including a non-enhanceable £6 supplement, is put at £44.70 a week. A guard's rate is £53.90, a driver's £68.80 and the highest grade signaller receives £78.40. The minimum earnings level is put at £50 a week.

Go back, Perkins men told by union

By Alan Pike, Labour Correspondent

STRIKERS who have closed the Perkins diesel engines plant at Peterborough in a dispute over pay parity were told by the Amalgamated Union of Engineering Workers yesterday to return to work.

Mr. George Gilmour, works convener, said there would be a meeting of shop stewards today followed by a mass meeting of the strikers to consider the position.

The call for a return to work was made to the strikers by Mr. Terry Duffy, AUEW president. Mr. Duffy said there was some doubt about whether the disputes procedure had been exhausted. In these circumstances, the executive was asking the Perkins members to go back to work pending further talks.

Scots bank staff win 17% rises

BY NICK GARNETT, LABOUR STAFF

SCOTTISH CLEARING bank staff have won salary rises averaging 17 per cent following increases on earnings last year of 19 to 23 per cent.

The Banking Insurance and Finance Union, formerly the National Union of Bank Employees, which negotiated the Scottish deal, has submitted a pay claim to the English Clearers for an across-the-board rise of 20 per cent together with consolidation of productivity payments and a minimum pay level of £44.50 a week.

The Trustee Savings Banks have also offered their staff, which is represented by BIFU, average rises of about 13.5 per cent. This is based on a general rise of 8 per cent, consolidation of productivity payments worth 4 per cent and a restructuring exercise worth 1.5 to 3 per cent.

The Scottish agreement provides for rises of 16 per cent on salaries for grades 1 and 2 for managers.

It comprises an 8.5 per cent across-the-board increase, 3.5 per cent to buy out last year's one-off productivity payment and 5 per cent to remove pay anomalies between the Scottish and English clearers.

The 3.5 per cent element, consolidated with the other payments, replaces last year's productivity payment, worth 5 per cent which will no longer be paid. The total effect of the settlement on the banks' overall wages bill is, therefore, less than 15 per cent.

Salaries, excluding profit-sharing money, for the four clerical grades, is now £1,939 to £2,457, £2,346 to £3,006, £3,211 to £4,377, and £3,876 to £4,890.

Minimum pay for accountants is £5,362 and for bank managers £7,185.

The 22,000 staff in the Scottish clearers received pay rises of 9 to 12 per cent last year, together with 5 per cent productivity, which did not involve any changes in working practices, and a further 4 per cent in the form of newly-negotiated profit-sharing schemes.

Staff in the English clearers received similar rises on basic salaries and productivity together with slight increases in payments under profit-sharing.

The annual conference of BIFU decided in Glasgow yesterday that the union should press for further productivity payments in banks and finance houses this year.



Lorraine steers a straight course, even though she's blind!

It's not very unusual for a sixth-form schoolgirl to be a keen—and a capable—yachtswoman, but it may have surprised you to learn that Lorraine is blind.

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Newspaper men appeal

THE 27 journalists dismissed by the Nottingham Evening Post during the national provincial newspaper strike are to take their case to an Industrial Tribunal, claiming unfair dismissal.

The journalists went on official strike together with 8,000 other members of the National Union of Journalists but the Evening Post's managing director, Mr. Christopher Pole-Carew, has refused to have them back on the newspaper.

As the journalists all lost their jobs at the same time, one of them will take his case before the tribunal as a test case. It is understood the Evening Post will contest the case.

Civil Service offer may avert holiday chaos

BY OUR LABOUR STAFF

A LAST-MINUTE attempt to ensure that Easter holiday arrangements are not disrupted by civil servants is likely to be made today when Civil Service unions expect an improved pay offer.

A meeting with Civil Service Department officials appeared to have been proposed tentatively last night to the union leaders, but no indication was given of a possible improvement in the offer.

A 9 per cent increase from April with more in August and next March to make a total of 20 to 35 per cent has been rejected; but it is being seen as a basis for negotiations, which were originally scheduled to be

resumed again after the weekend.

The Government has clearly come under pressure to court peace with its militant employees after the decision by the 105,000-strong Society of Civil and Public Servants to step up industrial action by customs and immigration officers at air and sea ports.

Mr. Barney Hayboe, an Opposition spokesman on employment, yesterday called on the Prime Minister to intervene to prevent the threatened disruption of Easter holiday traffic.

The SCPS said yesterday that action would go ahead as planned.

Support

The 7,000-strong workforce stopped work last Friday in support of a claim for pay parity with the associated Massey Ferguson plant in Coventry—a long-standing source of grievance.

Since the walkout, the strikers have occupied the factory and barricaded the gates' locking out administrative staff who have attempted to report for work. It is estimated that the dispute is costing Perkins £1m-worth of production a day.

A company spokesman confirmed yesterday that in its view the strike, which began immediately after talks broke down on Friday, was taking place before negotiations had been exhausted. Perkins says a further meeting had been arranged for yesterday but that this could not take place until normal working is resumed.

"Common sense argues that in the interests of all employees there should be a return for these talks to continue," said the company.

'Race' verdict query

BY OUR LABOUR CORRESPONDENT

THE FURNITURE, Timber and Allied Trades Union has been told by lawyers that it has "extremely strong grounds for appeal" against an industrial tribunal decision in favour of 17 Asian members who claimed racial discrimination by the union.

Mr. F. Griggs, assistant general secretary, said the union's lawyers had advised that the decision of the industrial tribunal at Birmingham earlier this month might be seriously wrong in law.

"All our instincts as a union are to appeal against this completely unwarranted and unjust stigma which has been laid on our reputation. The only opposing factor is whether it is right to stir up what is now past history and thereby possibly jeopardise the good relations which exist between the union and the members concerned. The decision will be made by the general executive council in due course."

Mr. Griggs said that the complaint, by members at Pel Ltd., a manufacturer of tubular metal furniture, related to events alleged to have taken place in 1977. Since then ownership of the company had changed hands.

Many allegations, said Mr. Griggs, had been rejected by the tribunal but it had been found that the union was guilty of indirect discrimination on the grounds that it should have pressed more vigorously for the Asians concerned to have their own shop steward. There had also been a failure of communication.

"We are satisfied that our officials did all that was reasonable in these matters. Even if what they did was not to the liking of the members of the tribunal or even if errors were made in a very difficult industrial situation we strongly resent and repudiate the inference that this was due to racial discrimination."

Ambulance deal

AMBULANCE officers have settled for a 9.14 per cent basic pay rise, consolidation of all outstanding supplements and a comparability inquiry.

The deal for senior staff follows the ambulance men's settlement for 9 per cent plus £1 a week in advance of a comparability study. The deal covers 3,500 personnel.

Schools 'strike exemption' call

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

A 20,000-strong union of head teachers today calls for binding agreements with trades unions to exempt schools from industrial action.

If the necessary exemption could not be established under existing law, said the National Association of Head Teachers, the next Government should introduce legislation to design-

nate schools as part of the essential public services.

To ensure that the ban on union action did not damage teachers' salary prospects, there should also be "copper-bottomed" guarantees that school staff's pay would be regularly reviewed and kept in line with private-sector levels.

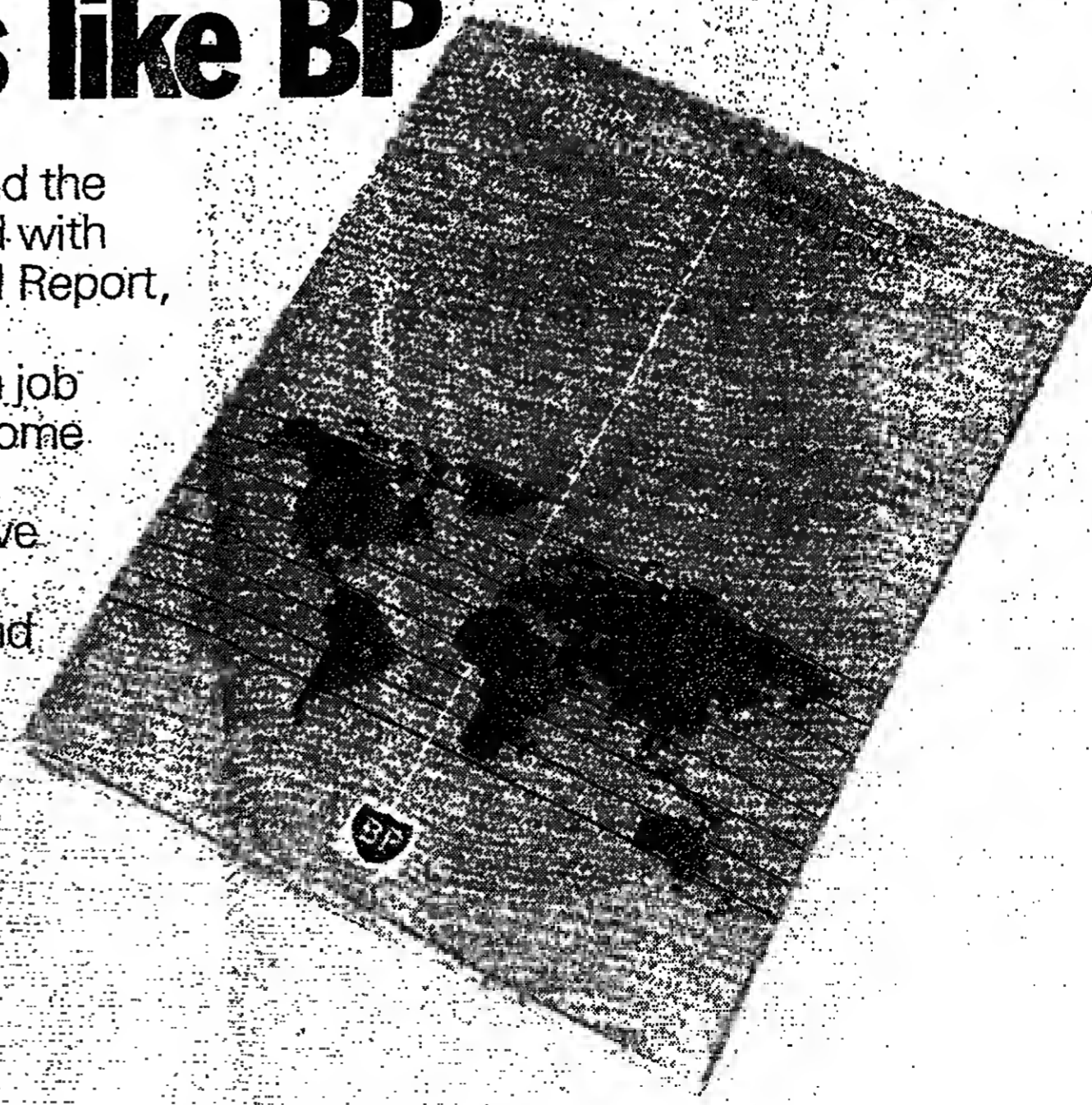
John Drewry Associates do not specialise in designing Annual Reports for companies like BP

The natural human tendency to brand the producer as a specialist, when presented with something as complex as the BP Annual Report, reveals only a partial truth.

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Television

Time has come for Popular Art

by CHRIS DUNKLEY

The trouble with you critics (the programme-makers say) is that it's all moan, moan, moan. You are forever telling us what's wrong with television...

The proper answer to that is Dr. Johnson's: "You may scold a carpenter who has made you a bad table, though you cannot make a table. It is not your trade to make tables."

It is not the critic's trade to make programmes, but it is most unparliamentary never to rise to the bait...

Now I take it as axiomatic that you and I and Humphrey Burton spend all our spare moments thinking deeply about grand opera, western classical ballet, and American Creative Writing...

Meanwhile, however, all of us spend our lives undergoing—perhaps enjoying, perhaps merely enduring—frequent aesthetic experiences arising from artefacts, decorations and designs surrounding us which are rarely if ever reflected by television...

This has always seemed odd because most broadcasters are convinced that television is a visual medium and although they are wrong...

You might, then, expect a lot of programmes about those visual experiences with which the mass of the audience is familiar...



The face seen on television — Victorian innocence captured by Millais; the face seen on the streets — promoting hamburgers.

to like such work. But about the sort of pictures which are actually sold to viewers in their tens of thousands...

About those particular prints one programme may well be enough, but what about the revolution in domestic wall decorations which has occurred in the last few years...

Alban Berg's music and Gustav Klimt's paintings—both featured in major programmes this season—actually impinge upon the average viewer very little...

But what about the aesthetic experiences which do impinge upon people every day: what about the streets in which we have to walk...

The art nouveau entrances to the Paris Metro, featured yet again in a recent BBC programme by Edwin Mulline...

Television dwells lovingly and endlessly on the municipal buildings of ancient Greece and the Roman empire...

believe caterers call "fast food outlets," not from the culinary but from the visual point of view? If it is permissible to pan affectionately across Twenties decor and Thirties interiors...

And to make up a pair of programmes, why not a look at the way that the individual and often attractively eccentric decoration and design of the British pub inside and out is being wiped out...

No doubt scolded foam armchairs, black leatherette sofas, paperback and LP cover illustrations, and motor cars with spoilers and metallic paint will all be the subject of CBS's arts programmes in 2009 AD...

New York Ballet

Nureyev/Babilée

by DAVID VAUGHAN

the public mind than all the paintings in the National Portrait Gallery put together...

Then there are those areas of life in which millions of viewers regularly make their own aesthetic decisions: not whether Mahler's tonalities are more subtle than Bruckner's...

It should be said that in some respects matters have been slowly improving: there was the recent week of programmes called Where We Live Now...

Yet it remains generally true that there seems to be far more enthusiasm among broadcasters for programmes about the rarified art and design of individuals and civilisations which are dead and gone...

It will probably be argued that what I am talking about is not "art" and certainly not "Art." But that is really only a question of time and prejudice...

Why not now? The death of Diaghilev—and the 70th of the debut of his Ballets Russes in Paris—is being celebrated in New York by the Joffrey Ballet with a special season...

The 50th anniversary of the death of Diaghilev—and the 70th of the debut of his Ballets Russes in Paris—is being celebrated in New York by the Joffrey Ballet with a special season in which the same programme is repeated at every performance...



Nureyev and Charlene Gehr in 'L'Après midi d'un faune'

ing one, for the evening shows the development of modern ballet from the reform Ballets of Fokine, through Nijinsky's rejection of traditional ways of using space, music, and dance technique...

Concurrently, the Ballet of the XXth Century has been presenting Maurice Béjart's versions of Petruszko and Le Spectre de la rose, to say nothing of his Gotié parisiens...

So we are left with a lesson in dance history, and an absorbing one, for the evening shows the development of modern ballet from the reform Ballets of Fokine...

Catherine Dethy. The piece is a typically Béjartian rip-off, involving a square structure of aluminium tubing which is used as a trapeze, a tightrope, a balustrade, a boxing ring...

Babilée, as so often before personalities, the existentialist hero, with his intense, ravaged features and chunky body, which is astonishing, still as taut and elastic as a steel spring...

Whitbread Literary Awards 1979

The judges for the 1979 Whitbread Literary Awards will be Jacky Gillott, Michael Holroyd and John Whitley.

Palace, Watford

The Autumn Garden by B. A. YOUNG

There are the makings of a fine play at the core of Lillian Hellman's The Autumn Garden, but they are obscured by her failure to pick out what is important in the story...

March is the premiere, by Bernard Lloyd here, resolves for the umpteenth time to leave him, but forgives all after the scandal with Sophie, Ned is promoted by the imaginative Nick...



Mary Peach and Sheila Reid

Leonard Bur

This lack of focus is further weakened by Miss Hellman's insistence on giving everyone something to say about everything. (The play, though played reasonably briskly in Stephen Hollis's production, lasts over three hours.)

This does not mean that the playing is dull. There is, of course, the inevitable gulf between British speech and American, but it is satisfactorily bridged...

Nina: Betty Hardy radiates the dollar-fuelled power of old Mrs. Ellis, Frederick's grandmother. Bob Ringwood's design for the sitting-room, Southern elegance running into decay, is atmospheric.

On Monday in the Festival Hall the London Philharmonic, the orchestra most associated with Boult in the second part of his career, was conducted by John Pritchard...

The Boult concerts by RONALD CRICHTON

Sir Adrian Boult was 90 on Sunday. In London two big concerts on successive evenings marked the birthday in ways likely to please him except that he was unable to participate or to be physically present...

Handley (the Tallis Fantasia of Vaughan Williams) and Norman Del Mar (Elgar's The Music Makers) the Brahms was a link with conductors like Stokowicz whom the young Boult heard and revered and who were themselves direct links with the composer.

Three conductors — James Loughran (the Fourth Symphony of Brahms), Vernon

about them because they are slipped in and muddled over so naturally make the same initially, jarring impression as those in Ein Heldenleben. But disappointment and transience are communicated with a flow of lyrical invention which takes occasional dips into Elgar's lighter idiom in its stride...

audience was tightly enough held to forget the usual instant, facile applause. The big work was Beethoven's Ninth, and very well it went. Pritchard played down the turbulences of the first movement (but not the main climaxes) but gave his and his players' all to the rest...

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FINANCIAL TIMES SURVEY

Wednesday April 11 1979

SYRIA

هَذَا مَن الثَّوَمَل

President Assad's eight years of rule have brought stability to Syria, which is now in the forefront of the Arab world's leadership as Arab opposition to the Egypt-Israel settlement widens. At the same time Syria has the essential resources, and the projects in hand, to create a well-balanced economy.

Unity brings its rewards

By Anthony McDermott

"RESPONSIBILITY TO the Arab nation." There is no phrase repeated more often by officials in Damascus these days. For Syria, perhaps more than at any other time during the eight-year rule of President Hafez Assad, feels it is in its most natural position at the heart of the leadership of the Arab world.

It has been a formidable trek for Syria since President Sadat of Egypt first went to Jerusalem in November, 1977, and subsequently edged towards a peace treaty with Israel.

Through the "steadfastness" front — those states most opposed to a settlement with Israel — Syria strove initially just to build up opposition to Sadat's move. Recently, with Syria in the forefront, the drive has been to widen this opposition to embrace all Arab countries — notably those such as Saudi Arabia and Jordan with close links with the United States — and thereby restore Arab unity which had been badly disrupted by Egypt's negotiations with Israel.

More than once the steadfastness front itself was reduced to

impotence by splits within its ranks, mainly as a result of the longstanding feud between Syria and Iraq. But with the agreement "in principle" reached at the beginning of the year to form a single state between the countries a major impediment was removed. As a result the centre of the Arab world shifted strategically east of Suez.

Syria was not solely responsible for turning an opposition Arab front into the pan-Arab conference — barring Egypt, Sudan and Oman — which agreed in Baghdad at the end of March to isolate Egypt politically and economically. But Syria played an important role in linking such hardliners as Iraq and the Palestine Liberation Organisation and waverers such as Jordan and Saudi Arabia. This resurgence of Arab unity, which always has been in the back of every Arab politician's mind and an aspiration on the lips of every orator, was less something spontaneous than a response to what was seen as a sinister threat from outside.

But for Damascus, the breeding ground more than 30 years ago of Baathism with its three basic slogans — "Unity" of all Arabs; "Freedom" from outside domination; and "Socialism" of a particularly Arab type — the Baghdad conference last month was a cause for supreme satisfaction.

Solidarity

At the same time Arab solidarity brings its own specific rewards for Syria. For years Syria has competed with Egypt for leadership of the Arab world. But behind this rivalry there has always been a fear of complete alienation, combined with a desire for co-operation.

Unlike Syria, Egypt has never been geographically exposed at the crossroads of the Levant to the invasions of armies and political ideas. As a result, whenever Egypt acts on its own, as it did in 1975 by concluding the second Sinai disengagement agreement, Syria instinctively feels isolated and vulnerable.

To counteract this it has tried to consolidate its position through moves towards union with its neighbours. After the Sinai agreement, Syria turned to closer links with Jordan. This time, in response to the crisis of the Egypt-Israel treaty, it has produced an agreement for union with Iraq — and the additional bonus of Arab consensus.

Beneath formal enthusiasm at the prospects of its union there lies caution, derived not least from the disastrous experience of union with Egypt between 1958 and 1961. For union has many implications for Syria and the fact that talk is now of a federation or confederation rather than a single state betrays official misgivings.

At first sight there would seem to be more for Iraq to gain than Syria. There is deliberate caution in the approach towards unifying the two Baath parties which split in 1966. Continuous Iraqi aid theoretically would give Damascus greater leeway in dealing with such major donors as conservative Saudi Arabia, which always becomes apprehensive when Syria enters a phase of political strength and confidence.

But to replace Saudi aid by Iraqi support could very well lead to a new form of dependence. Syria and Iraq also differ on the question of whether there should be any kind of settlement with Israel.

And there must be concern that the Syrian Government is more flexible and liberal than that of Iraq — which affects not just politics but also economic questions such as the future role of the private sector.

The Baghdad resolutions had several benefits for Syria. First, concentration on executing their clauses will buy Syria valuable time in which to evolve a new strategy towards finding peace with Israel. For, although Syria has a reputation for being militantly hostile towards any kind of settlement with Israel, this is no longer the case. In foreign affairs Syria certainly drives a hard bargain, but it remains committed to finding a settlement based essentially on UN resolutions 242 and 338.

Occupation

Second, the Golan Heights are now in their second decade of Israeli occupation and this remains a constant slight to Syrian pride. Defence expenditure has been increased in this year's budget to \$2.1bn, or more than 70 per cent of current expenditure.

Nevertheless, Syria knows that it would be heavily defeated in a fight with Israel which has not forgotten the almost successful surprise attack on its forces on the Golan Heights at the beginning of the 1973 war.

Indeed, officials say frankly that at this stage Syria has no war option. Inevitably they qualify this view with the observations that if there is to be a war, Syria should decide its timing; and that to fight now might be more in the interests of Egypt and Israel than of Syria.

Third, the Arab consensus arrived at in Baghdad makes it

less necessary for Syria to be dependent, politically at least, on the Soviet Union.

The crucial weakness in Syria's regional strategy remains Lebanon. After the withdrawal of Saudi and Sudanese troops, the peace-keeping Arab Deterrent Force consists — apart from a small contingent from the United Arab Emirates — solely of Syrian troops: about 26,000, costing about \$80m a month.

So Syria's peace-keeping mission has now more the complexion of an army of occupation and this increases the risks of local tensions leading to a direct clash with Israel.

It is definitely on the Government's mind to withdraw. Mr. Abdel-Halim Khaddam, Syria's Foreign Minister, said as much during a visit to London last month. But it is hard to see withdrawal coming about and there is no military evidence as yet even of withdrawal preparations.

It is not hard to see why: the new Lebanese army is small and only very recently formed; the political scene remains sharply polarised with President Elias Sarkis impotent; and Israel indirectly controls a strip of territory along the border in the south.

Talks of withdrawal may just be a threat because none of the basic problems which prompted Syria to send in its troops in June 1976 has been solved. It would also appear to be humiliation.

At home, Syria is a more openly affluent country than before. In Damascus there are more large modern American cars on the streets; shops sell sophisticated hi-fi equipment, perhaps not as extravagantly as in the Gulf, but in spectacularly larger quantities than seemed possible some years back.

With its modern blocks of flats and its new, attractive Sheraton Hotel, Damascus has shed some of its drabness and is showing symptoms of becoming a modern and more lively capital.

But beside this apparently more liberal air, the Syrian Government remains extremely security conscious. Youths stand at the corners of all buildings "uniform" of roll-neck sweater and bared trousers, machine-gun in hand — a bizarre similarity with Tehran since its revolution but in a more tightly-disciplined form.

This concern with security colours the way in which the country is run. Ostensibly it is the Baath Party with its intricate structure of cadres, committees and unions, its links with other parties in the National Progressive Front and its carefully thought out socialist ideology which governs with popular support. But in tandem there is an informal structure based on President Assad's cautious attention to, and consultation with, the different ethnic, religious and economic groups.

Realistic

This is supported by his appointment of close, trusted relatives to key security and paramilitary positions. Syrian officials are often more realistic than their counterparts in other Arab countries; but they are either extremely evasive on these sensitive issues or take foreign observations as prejudiced criticism.

Syria's history since independence has shown that it is an extremely vociferous and difficult country to govern. And its problems are not just internal. It is a sign of Syria's

constant fear of interference from outside, in this case from Israel, that it is still technically under martial law.

So it is hard to conclude that Syria could be governed effectively at this stage of its political and economic development in any way other than that chosen and evolved by President Assad. For his rule, the longest continuous tenure of the presidency since independence, has not only given the country unprecedented stability but also provided time in which to study options.

Gone are the early years of erratic spontaneous decisions generally in reaction to outside events. Instead, the Government now takes time to consider how to initiate policies.

One microcosm of this process can be seen in the economy. The overthrow of the Shah in Iran was seen in Damascus with satisfaction as an "inevitable" historical event. But Syrians were also aware of the upsurge of religious feeling in Iran and the disturbing effect which uncontrolled economic development had on Iranian society.

Syria never has had and probably never will have wealth on the scale of major oil producers. Nevertheless, the Government is thinking very hesitantly about expanding the role of the private sector within the centralised economy and encouraging foreign investment. Last month, for example, it breached the rules of the nationalised banking system which excludes foreigners by authorising the establishment of a Syrian-Jordanian bank to operate as a commercial bank.

On the one hand it is guarding against what it sees as damage to Syrian society, and on the other it is trying to make the existing machinery more efficient — even if it involves stealing a few of the methods and personnel which make the private sector work.


At the same time Syria is much aware of not being fully its own master. The economy is heavily dependent on foreign aid, mainly Arab. This year, as a result of the decisions taken at the Baghdad summit last November, it has been given firmer assurances and a far larger sum than before, when budgetary planning was often upset by uncertainty over the quantity and timing of the aid.

There can be little doubt that in Mr. Assad Syria has the best president available. He has never deliberately sought international popularity; rather, his greatest gift has always been to buy time in which to make decisions.

The Egyptian-Israeli treaty has presented him with his stiffest test yet. But the frustration is that in broad terms it remains impossible for the moment to make long-term decisions on his Middle East strategy and internal policies as long as developments outside the country remain unsettled.

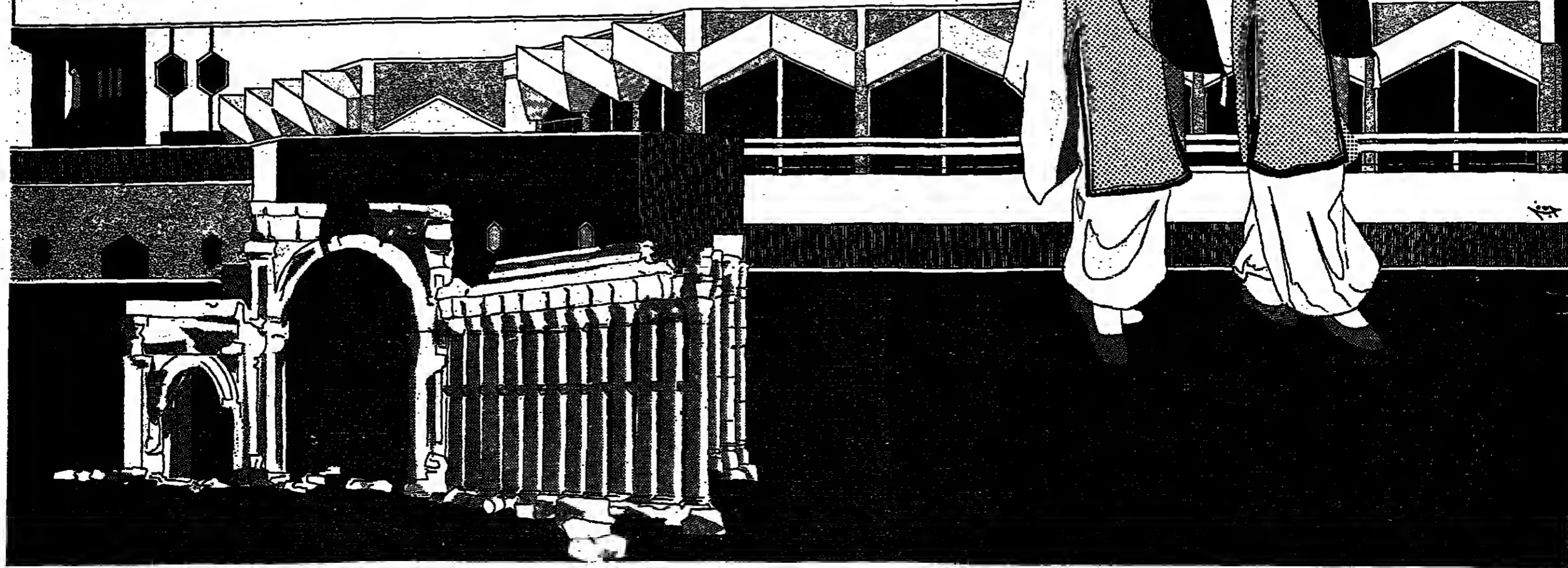
BASIC STATISTICS

Area:	71,488 sq. miles
Population (1977):	7.89m
GDP (1977):	\$22.1bn
Trade (1977):	
Imports:	\$E10.5bn
Exports:	\$E4.9bn
UK Trade (1978):	
Imports from UK:	\$57.9m
Exports to UK:	\$4.3m
Currency:	£ = S\$8.115



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Syria





The Syrian Petroleum Company is one of the companies attached to the Ministry of Petroleum and Mineral Resources. The legislative decree No. 9 of 1974 has charged it with all tasks related to discovering, exploiting and developing petroleum resources in the country, especially :

- a- Making the necessary studies with regard to prospecting for petroleum and gas.
- b- Doing drilling works, supervising exploration teams and productive fields and executing petroleum and gas projects.
- c- Marketing crude oil and gas produced by Syrian oil fields.

The Syrian Petroleum Company enjoys a juristic personality, financial and administrative independence and is considered a trader in its relations with others.

Production of crude oil in Syrian fields started in mid 1968. The total output of these fields until 1978 amounted to 76,590,361 m3. Productive fields are located in north east Syria and are namely: Suwedieh-Karatchok-Rumailan-Jbesseh Ulaian. The number of drilled productive oil wells amounts to 462 wells and exploration wells to 320 wells. The total drilled meters amount to 1.282.000 m.

There is a special pipeline for transporting produced oil to Homs and Banias refineries and the export pumping station in Tartous on the Syrian coast.

The Syrian Petroleum Company has two exploration teams equipped with the most modern equipment. It started vibrating survey by national elements in mid 1978.

In addition to the direct efforts exerted by the Syrian Petroleum Company, it has, on the other hand, concluded three service contracts for prospecting oil with the following companies: Rom Petrol-Samoco-Bichten-Shell covering an area of 48.225 km2.

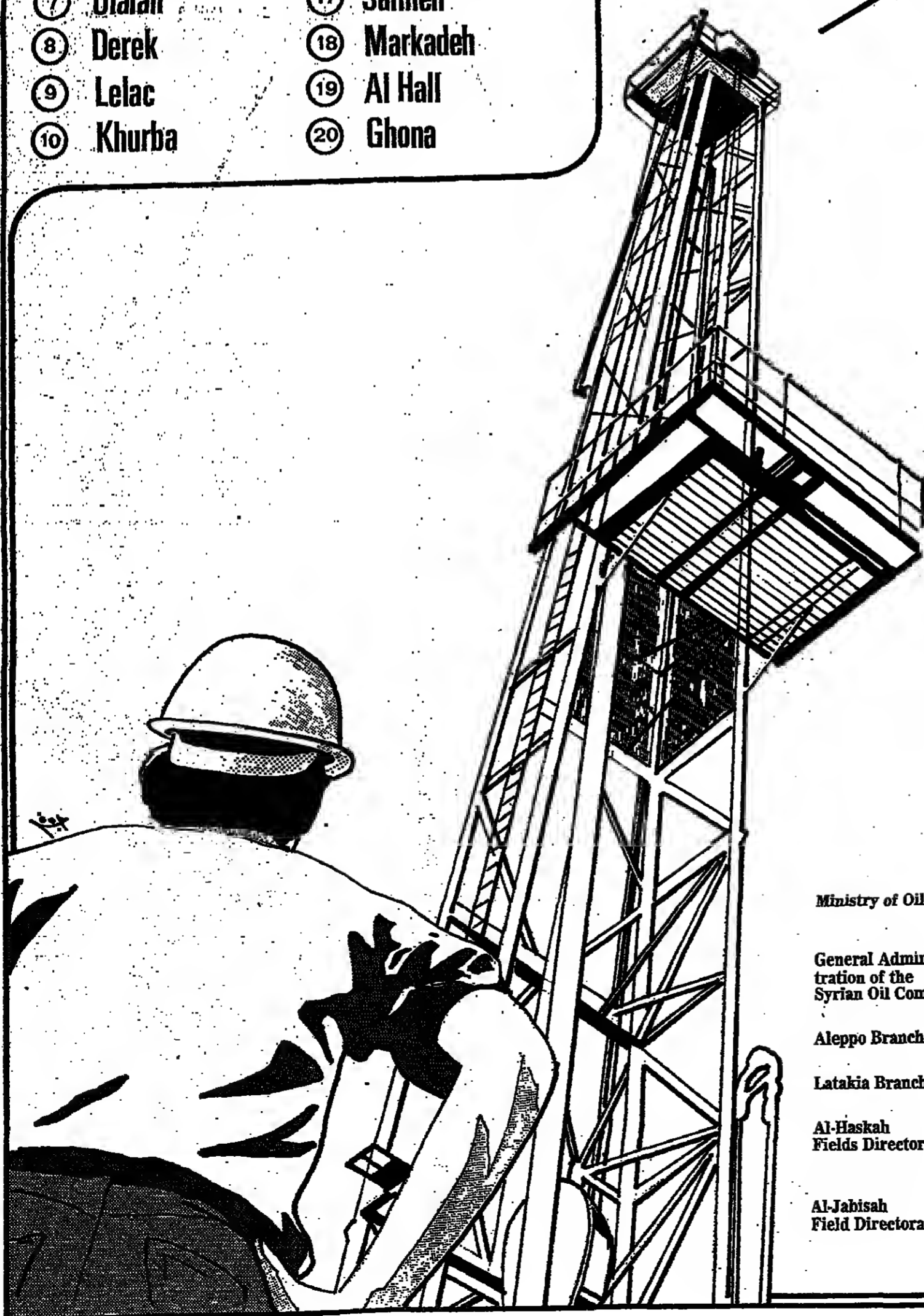
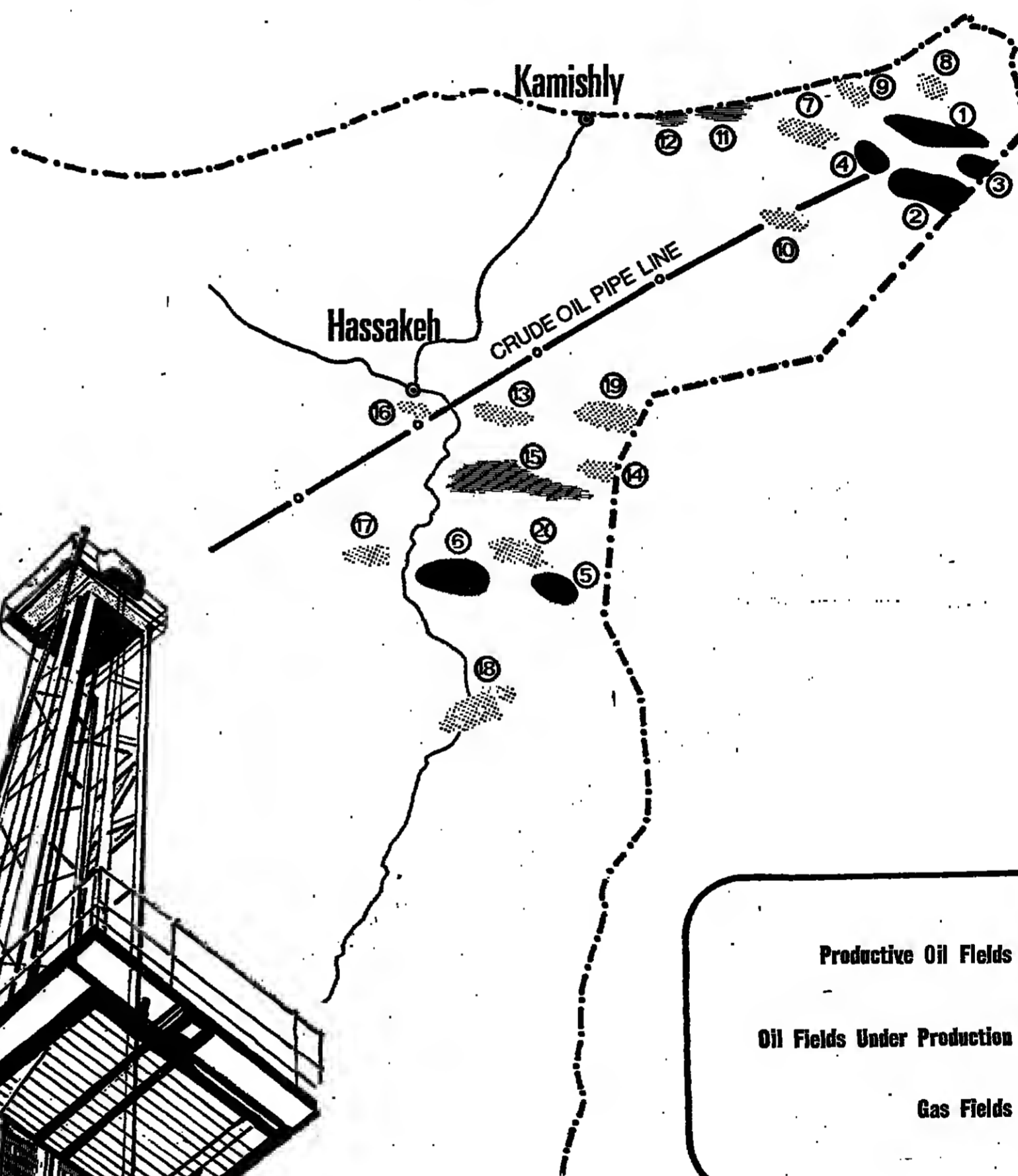
The Company shall establish during 1979 a plant for associated gases. It has also started studying the economic usefulness of exploiting natural gas fields.

The exploitation of oil led to supporting national economy in Syria. During 1975 the contribution of oil to the total local output of economic sectors amounted to 10.7%. The individual's share of the produced crude oil in Syria amounts to 1.2 tons.

Thus, petroleum industry created a new life in the places where oil is found. It opened various and numerous horizons and led to raising the level of workers.

OIL FIELDS IN NORTH EAST SYRIA

- | | |
|-------------|-------------------|
| ① Karatchok | ⑪ Said |
| ② Suedieh | ⑫ Zurabeh |
| ③ Hamza | ⑬ Sheikh Mansour |
| ④ Rumailan | ⑭ Jrebeh |
| ⑤ Kubebe | ⑮ Tishreen |
| ⑥ Jbesseh | ⑯ Sheikh Sulaiman |
| ⑦ Ulaian | ⑰ Salhieh |
| ⑧ Derek | ⑱ Markadeh |
| ⑨ Lelac | ⑲ Al Hall |
| ⑩ Khurba | ⑳ Ghona |



Addresses of the Ministry, The Company and the Branches.

	Address	Tel.	P.O. Box	Cable	Telex
Ministry of Oil	Damascus Al-Adawi, Sharia al-Khatib, al-Jaddah al-Sabi'ah	557601	4892	—	Petsar 11006 Sy
General Administration of the Syrian Oil Company	Damascus, Sharia Al-Mutanabbi	228271 228298 227007 227116	2849	Ptsyria	Sypco 11031 Sy
Aleppo Branch	Aleppo, al-Omran	20350 15536	1177	—	—
Latakia Branch	Latakia, Sharia Port Said	23559	—	—	—
Al-Haskah Fields Directorate	Al-Haskah Governorate, Al-Qamishly, Al-Ramillan	10033	—	—	—
Al-Jabisah Field Directorate	Al-Haskah Governorate, Al-Haskah.	21670	30	—	—

SYRIA IV

Careful strategy on Egypt

UNTIL such time as President Sadat is toppled and his policies reversed Syria regards Egypt as enemy Number One, displacing even Israel. Efforts to enforce the political and economic boycott of Egypt, agreed at Baghdad in March, have the highest immediate priority. These objectives are not viewed as a prelude to war with Israel but to negotiations for a just peace.

To those unfamiliar with the Arab world this may seem an unlikely corollary of the Baghdad sanctions against Egypt. Nonetheless, this is Syria's strategy. President Assad was relieved that Saudi Arabia joined the front against Egypt and he believes that Syria is part of a broad, strong front which will enable it to talk from a position of relative strength.

At the heart of the unified position agreed at Baghdad is Syria's rapprochement with Iraq which was necessary before common ground could be established between so diverse a group of states as those now jointly opposed to President Sadat.

The Baghdad summit of Foreign and Economic Ministers also affects Syria's relations with the two superpowers. Saudi Arabia's inclusion in the front leaves President Assad freer in his options with the Soviet Union. Inevitably, President Carter's brokerage of the Israel-Egypt peace treaty will mar relations with Washington, but Syria is not likely to allow the official climate to deteriorate to its own detriment unless it is unavoidable.

Collapse

The results of Baghdad also buy the Syrian leader time to look at other matters of concern in the region. The sudden collapse of the strong regime in Iran has not gone unnoticed. Syria is making its presence felt discreetly in the Horn of Africa, and in Yemen.

The respite may enable Syria to improve relations with Turkey which have been strained lately. Closer to home, fatalities in Syria's forces in Lebanon are a regular reminder that the Lebanese problem will not fade away.

It is a point of Syrian dogma that the Egyptian leader's overthrow will lead to his overthrow. Syria's policy is to find a negotiating formula based on United Nations resolutions once the objectives of Baghdad have been fulfilled. It is less clear whether Syria and fellow Arabs will wait only for the implementation of sanctions against Egypt or whether his overthrow is the prerequisite for the opening of international peace talks.

A senior official explained: "The point is delicate. This policy of Sadat's is so dangerous that we will employ all our resources to make the treaty fail. Our task after the isolation of Sadat is to disprove the belief in the West that Egypt alone makes peace or war. We will show the Arabs can work for peace."

The same official stated firmly that Syria will not trigger a war with Israel just to unseat President Sadat. He said: "It is not within our strategy to topple Sadat through a war with Israel. If we are obliged to go to war it will be to liberate occupied territories. Going to war might not be judicious. It might serve Sadat's interests."

The Baghdad front would have dissolved into different factions had it not been for the unification talks which started last November between Iraq and Syria. In agreeing to unite forces in the face of a common threat, Damascus and Baghdad set a vigorous example to their fellow Arabs.

The constitutional union proposed is not without its difficulties. Syria might be regarded as the junior partner since Iraq is stronger economically and militarily.

One of the great benefits of the Baghdad meeting is that Syria will be able to avoid moving closer to the Soviet camp. Last month's visit by Mr. Andrei Gromyko, Soviet Foreign Minister, underlines the role of Syria as Moscow's last reliable ally in the region apart from South Yemen. Syria needs the Communist superpower to redress the military imbalance caused by the defection of Egypt from the confrontation states. But an Arab diplomat stressed that Syria is happier with the anti-American pressure of Saudi Arabia than the option of closer links with the USSR.

To ensure that Saudi Arabia resisted pressure from the U.S., Syria and Iraq themselves put considerable pressure on Riyadh. Their cohesiveness and combined military might apparently was sufficient.

This victory of influence is important to Syria as it squares up to the U.S. to try to bring down the peace treaty. There is

no suggestion, however, of an Arab boycott against the U.S., as Mr. Abdel Halim Khaddam, Foreign Minister, made clear in an interview with a French newspaper.

Despite Syria's hearty welcome to the regime of Ayatollah Khomeini in Iran it must be said that an Islamic republic in the region is not entirely in President Assad's interests.

Causes

There are three causes for concern: the sudden collapse of power of a leader sets an unhealthy precedent; a fundamentalist Muslim regime is antithetical to Syria's Baathist views; and instability might spread across borders either through minorities, of which Syria has many, or through resurgent Communism, which the Syrian leader has gone to some trouble to bring under his wing. That President Assad regards the spread of Communism with suspicion was demonstrated clearly in February when Syria and Iraq jointly threatened South Yemen for its military support of rebels moving against the regime of North Yemen. Their success in stopping hostilities on the Yemen border left the Baath party in North Yemen in a much stronger position.

Across the Red Sea, Syria would hotly deny that its support of the Eritrean Liberation Front is anti-Communist, even though it is fighting the Soviet-supported government in Ethiopia. Syria points out that it supported the Eritreans against Haile Selassie because of the justice of their cause, not because of ideology.

Two problems remain with Syria's neighbours: a minor one—almost an aberration—with Turkey, and an overwhelming one in Lebanon.

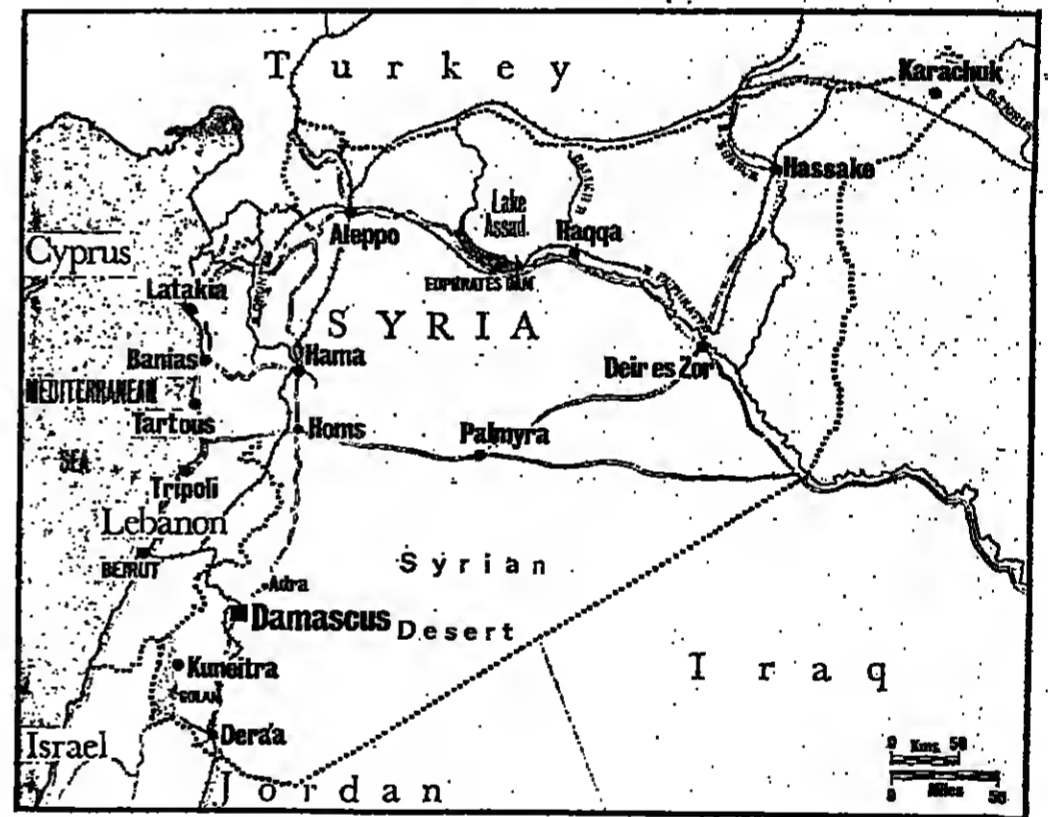
Turkish problems erupted in October, 1977 when Syria stopped a Turkish train of Russian supplies bound for Iraq, preventing it from leaving Qamishliye. Food on the train rotted and Syria would not return the train to Turkey for months, according to diplomats. Difficulties are connected to the Syrian-Iraq voting alliance in the United Nations and elsewhere and the Turkish-Egyptian common vote over Cyprus. At one point the Latakia-Famagusta ferry was halted.

Syria even stirred up pre-1938-45 war memories in Turkey's Haydar province, where Arabs have historic links with Syria. Officials say relations have returned to normal but in the background is Turkish anger at having to take measures and tighten border security to stop the smuggling of Turkish dissidents of arms from Lebanon, where Syrian forces have a measure of responsibility.

Syria has recently threatened to pull its forces out of Lebanon, where the Arab deterrent force, including 26,000 Syrian troops, has failed to achieve its goal of unifying the country. This is a form of pressure on President Sarkis to take more imaginative action to control Lebanon's Maronites.

There have been no signs of a pull-out and the chaos which would follow would benefit only Israel. Syria was happy with the passage of the Lebanese Defence Bill, signed last month by Mr. Sarkis, which weakens Maronite influence in Lebanon's armed forces. Syria is well aware that Israel could use Lebanon as a weapon against her, especially since the Maronite forces are already allied to Israel.

Michael Tingay



Infrastructure weak

THE ROAD, railways and communications network of Syria were inherited from a period before the modern state existed. One effect of this is that the north-east of the country is linked only vestigially to the main concentration of people who live in a broad north-south band parallel to the coast.

The stability of the last eight years has facilitated development of communications, power, water supply and the necessities on which an economy can be built, but Syria has far to go before communities in the north-east are properly integrated into the main economy concentrated in the west.

One difficulty is the absence of adequate data which planners can use as a starting point, combined with an ill-developed administration, which means that development efforts are often wasteful and contradictory. The failure to develop the human and administrative skills is holding back development of the foundations of the economy.

Being unable to solve the problem from within Syria looked for outside help. The Government has had success in harnessing foreign resources to develop water control, power supplies and improve roads, railways and ports, as well as to develop training and technical skills. Money, technology and expertise has been flowing steadily into Syria from Eastern bloc countries, Arab oil-producing states and, more recently, from the West.

Road and rail links were constructed when the land which is now Syria was a series of provinces originally in the Ottoman Empire and, after the first world war, in French-mandated territory. Aleppo was at least as important as Damascus,

which used Beirut as its port. Road links to Damascus from Homs and Hama were not good and the generation of what is now Syria's early middle age would have gone down to Beirut rather than Damascus for business or social trips.

Damascus is now linked to Homs and Aleppo but is on the narrow-gauge Hejaz railway system, the same one which Lawrence of Arabia sabotaged. This splendid relic of German engineering links the capital with Amman in Jordan. The ancient steam locomotives (there are nine, the oldest a Swiss engine built in 1892) and their rickety wooden carriage, steam past the new Sheraton Hotel each morning emitting a shrill and persistent whistle.

But the Hejaz railway is one of the public sector companies which makes a profit, having amortised its capital costs many decades ago.

Surveying

The Soviet Union has been engaged for several years in improving the railway network. The new Latakia-Aleppo-Qamishliye line was finished in 1975 and the system is steadily being extended southwards. Site surveying has begun on the section which will link Homs with Damascus. The USSR has just completed the new railway from Homs to the phosphate mines near Palmyra. This line and the northern network to the oil fields are significant in linking productive areas of the east to the population centres of the west.

The road network has greatly improved in the past three years with the expansion of dual carriageways but the extensions have barely kept abreast of the rapid increase in the flow of

goods by road. Up to 90 per cent of freight in Syria is moved by road. Congestion was serious before the rapprochement with Iraq but the transit of Iraqi goods to Latakia and Tartous ports is steadily increasing the pressure.

There are seven new road projects either agreed or under way. In all cases foreign assistance work with the Syrian public sector comes under the framework of the five-year plan. The projects are:

- The Aleppo-Homs highway, all single carriageway in 1976, is now almost all dual carriageway and the World Bank has awarded \$50m to finish the work and to build a by-pass round Homs, which is hopelessly congested.
- The Homs-Tartous road is being widened by Syrian public-owned contracting companies.
- The busy stretch from Tartous to Latakia will be improved with American money (USAID has signed a \$60m loans agreement).
- The north-east network north of the Euphrates River badly needs improvement. World Bank and Saudi Arabian Development fund loans have been granted for studies. (The World Bank contribution is \$1.2m and the British group Reedell Palmer Tritton is doing the study.)
- The Kuwait Fund for Arab Economic Development has allocated \$12m for improving the Palmyra-Deir of Zor section of the route from Aleppo to Abu Kemal, near the Iraq border.
- Work will begin soon on the new road from Damascus to the Deraa on the Jordan border, for by a 1976 \$48m USAID loan.

• The section of the Damascus-Beirut highway as far as the Lebanese border is being widened and strengthened (11m from the Saudi Arabian Development Fund).

Syria's ports have been under continuous pressure since the closure during the Lebanese civil war of Beirut port, which had always been the main port for Damascus. Initial congestion in 1976 was eased with the construction of a new breakwater at Latakia. This year a second extension will provide a deep-water harbour and permit construction of extra berths.

Berths

Eight new berths plus offshore loading facilities in deep water will mean a considerable boost to capacity. Whether this will be enough to compensate for the extra trade resulting from the Syria-Iraq road and transport agreement of January, 1979 (part of the unity process) remains to be seen.

Improvements to power and water supplies was one of the cornerstones of Baath government economic policy. The Thawra power station at the Euphrates Dam can produce up to 600 MW from three turbines and the fourth will bring this up to 800 MW. The Soviet Union, which built the dam, has assisted development of a national grid which is patched into the oil-fired power stations at Baniyas, Hama and Damascus. Early hopes of large-scale export of electricity proved to be exaggerated, but Syria will have ample power for its own development schemes. The government's goal is to electrify all villages with 1,000 inhabitants or more by 1981.

CONTINUED ON NEXT PAGE

The General Organization for Food Industries:

Organization's address:

Damascus—Fardos Street P.O. Box: 105—
Cables: Unifood. Tel.: 225 290-225291.

The Authority supervises the following companies:
The Syrian Industrial Company for Vegetable Oils.
The Modern Conserves and Agricultural Products Company.

The Arab Company for Manufacturing Oils and Soap.
Al-Shark Company for Food Products.
The Syrian Arab Company for Milk and Derivatives.
Homs Milk Company.

The Syrian Company for Manufacturing Biscuits and Chocolate.

The Syrian Arab Company for Manufacturing Grapes.

Homs Company for Processing Grapes.

The Syrian Arab Company for Manufacturing and Processing Peanuts.

Lattakia Oils Company.

Hama Oils Company.

Damascus Company for Food Products.

The Syrian Coast Company for Conserves and Food Products.

Plant for Drying Onions and Vegetables.

The General Organization for Textile Industry

Is the authority which supervises the following companies:

- The General Company for Modern Industries
- The General Company for Spinning and Weaving
- The General Company for Spinning, Weaving and Dyeing
- Al-Shark General Company for Underwear
- The Syrian Company for Ready Made Garments
- The General Company for Manufacturing Carpets-Damascus
- Al-Hilia General Company for Spinning and Weaving
- The General Arab Company for Underwear
- General Industrial Company for Nylon Yarns and Stockings
- Aleppo Company for Silk Textile (Satek)
- The General Syrian Company for Spinning and Weaving
- Al-Shahba General Company for Spinning and Weaving
- Hama General Company for Cotton Yarns

Organization's address:

Damascus-Fardos Street,
P.O. Box: 116 200—P.O. Box: 620
Cables: Unifex Tel.: 11011

The Organization's Companies:

- Woolen and mixed Yarns
- Underwear and ready made clothes
- Socks and Stockings of all kinds
- Made-made Silk Carpets
- Medical Vyalophile Cotton and Gauze
- Machine made and Woolen Carpets
- Cotton Yarns
- Silk Yarns
- Woolen Yarns



مركز من الصناعات

Foreign aid supplied in abundance

SYRIA HAS succeeded in attracting aid in unprecedented quantities since the 1973-74 oil price rise. But the move to open the economy to foreign investors, for which there were once high hopes, has been faltering, hindered by distrust of the Baath social government's real economic intentions.

The Soviet Union has been the firmest of Syria's friends. Russian and East European economic assistance, part of it on a strictly commercial basis, was the bolster of the economy in the 1960s when Syria had a reputation for chronic instability and regular violent changes of regime. This impression did not really change until after the 1973 war when the oil-producing States started directing money in Damascus initially to repair war damage.

At the same time the stability of President Assad's regime began to be appreciated in the West. European assistance began to trickle in on a larger scale. In the past few years Soviet assistance has been left far behind by the huge flows of money from the Arab world.

Since the reopening of relations with the U.S. four years ago, Syria has risen rapidly in the hierarchy of U.S. A.I.D. recipients, receiving \$90m last year, which was only surpassed by Israel, Egypt and Jordan. There is no political significance in the drop in the coming year to \$60m.

The Soviet Union claims that its own assistance to Syria is averaging \$100m a year, though it is obviously much lower than the following completion of the Euphrates Dam, which alone cost \$400m. East European states have provided loans and technical help for a number of projects on a more commercial basis. These include: Czechoslovakia (tyre factory); East Germany (cement factory, electricity transmission); Bulgaria (irrigation); USSR (defence, irrigation, electricity, railways); Yugoslavia (port expansion); Rumania (fertiliser factory).

Bilateral and institutional Arab aid began to expand after the oil price rises. With the exception of a period in 1976

when Arabs initially opposed Syria's involvement in Lebanon, money from oil states, mainly as budgetary support, has grown steadily. In 1975 Syria is believed to have obtained more than \$500m, a level of aid which fell by almost half in 1976.

Eventual acceptance by the Arab world of Syria's role in Lebanon led to a resumption of budget support, giving Syria at the end of 1976 \$450m in bilateral development assistance and \$150m a year (paid every six months) to pay for its peace-keeping contribution in Lebanon.

But there is confusion over exact figures of Arab money, not least because Syria passes money for military development and capital equipment for armed forces through the current budget.

Gauged

Some idea of the size of Arab budgetary support for Syria can be gauged from the fact that the Baghdad summit last November put the level of aid to Syria as a confrontation state at an annual \$1.85bn, said to be the strategic development of the economy. This sum includes earlier annual commitments to Syria agreed at the Khartoum summit of 1967 and the Rabat summit of 1974, of \$170m and \$550m respectively.

Syria is accustomed to somewhat shaky delivery of promises by the Arab oil states, but Iraq already has paid its first quarter contribution. No other figures have been announced.

How this money is being spent can be seen from the increase in allocations for national security in the 1979 budget. At \$28.2bn it is almost twice the 1978 allocation. This is not to say that this money goes only to defence. The Syrian concept of strategic development includes building its economic base.

Direct funding by Arab states in Arab institutions for purely economic projects has been considerable. In 1976 the Saudi fund for development signed agreements for: expansion at Tartous port (\$25.5m at 3 per

cent interest); Latakia port (\$24.1m at 3 per cent); the Damascus-Lebanon Highway (\$11.3m at 2 per cent); and Tishrin Military Hospital (\$14.2m at 2 per cent). In 1978 the same fund signed a \$14.9m loan agreement for a submarine cable from Tartous to Crete and \$14.6m for the Damascus air terminal.

In 1976, \$101m was allocated from UAE sources including the Abu Dhabi Fund for Arab Economic Development for a series of projects, including finance for three sugar plants (at Rakka, Meskaneh and Ghab); a paper mill at Deir el Zor, and a new hotel in Damascus (not yet built).

In the same year the Arab Fund for Economic and Social Development allocated \$41.5m to improve the Damascus water supply. The Kuwait Fund for Arab Economic Development has allocated \$12m for the Palmyra-Deir el Zor section of the Eastern Desert Road, though work has not yet begun.

Many of these loans have been made in conjunction with project commitments by international institutions, or Western development projects. Since it began operations in Syria in 1972 the World Bank has allocated \$41.5m. This includes World Bank credits for highways, water supplies, irrigation, electricity, telecommunications, livestock and education. Total United Nations assistance, mainly through the United Nations Development Programme is more than \$40m.

The U.S. is the largest Western aid giver. Since the U.S. A.I.D. programme began in 1975 the U.S. has allocated \$350m to Syrian projects. The concentration is on training and development of rural infrastructure. Jordan and Syria each receive between \$60m and \$90m a year from U.S. A.I.D. according to the state of project implementation, making them the third and fourth recipients of U.S. A.I.D. after Israel and Egypt. American help is far larger than that of Western Europe, which has allocated less than \$50m in development assistance this decade.

Step

However, the private sector, which is already blessed with the most lax application of tax laws imaginable, is anxious for the next step—a formalisation of its improved status in new laws giving it protection. Diplomats say no investment laws have been repealed since the initial phase of Baathist economic legislation in 1963 and 1965. Some believe that the private sector will not expand its commitment to the economy until fresh laws are introduced. The private sector is sensitive to the sudden changes in regulations and interpretation of rules.

Recently, private contractors were outraged to learn that they were unable to bid for improvements at Damascus airport because of a rule restricting contracts above a certain (very low) value to public sector companies. The row was aggravated because the finance was coming partly from the Saudi fund for development. Once the details were published in the foreign press the rules were amended to permit private bids in foreign-financed projects.

New decrees and regulations have been steadily added to the mass of legislation covering investment. Interpretation depends on the political mood—and this is the cause of the uncertainty. For example, last December the authorities rounded up the illegal money changers, then released them after apparently deducting a proportion of their hard currency gains—a cross between a fine and taxation.

Foreign investment has barely materialised. The Kuwait Real Estate Investment Consortium is pulling out of Syria after a dispute with the government. The Syrian-Saudi company for Industrial and Agricultural Investment has set up an office. There are foreign investments in two hotel projects and a Spanish stake in a joint venture tractor assembly plant at Aleppo.

Arab capital obtained the benefit of an investment protection law in 1975 but this encouraged private Saudi Arabian and Kuwaiti property

and land purchases rather than productive investment. Other foreign investments should be covered by bilateral agreements negotiated individually by certain foreign governments.

Switzerland, France, West Germany and Italy have signed bilateral agreements. These protect the would-be foreign investors if they enter joint ventures with the Syrian public sector but Syrian unwillingness to put up risk capital has made these agreements rather academic.

No better example exists of

the conflict between the administration's desire to liberalise with the need to avoid confrontation with the economic dogmatists of the Baath party than the free zones. Such is the stress placed on freedom of action for companies operating in the zones that officials seem to regard the absence of data and facts about operations with a sense of pride.

The General Establishment for Free Zones (set up in 1971 but given a boost last year by new decrees) is in charge of six free zones. Since the

impetus given in the operation last year permission has been given for 40 factories or warehouses to be built. The authorities claim that 20 factories are in operation but will not name them, or give details of numbers employed, or the products made. The main impetus is actually to commercial and financial operations and warehousing for re-export. There is a joint Syrian-Jordanian-owned free zone under construction at Deraa on the border of the two countries, specifically for industrial activity.

Dr. Taha Bali, president of the board of the free zones authority, stressed that the government involves itself so little with companies operating in the free zone that it was natural not to know details of activities. He explained that his organisation gets rents and revenues from the tonnage of stocks passed through the system. In this way the cost of constructing the sites and providing services could be paid for. The indirect benefits come from wages paid to Syrians.

Michael Tingay

Damascus International Fair 4-23 July

The immortal city of Damascus has a date with the world which is renewed every year when its International Fair opens to exhibit the latest and most advanced developments of the modern world in the fields of science, production, culture and art, thus, offering mankind all that is good for achieving more happiness and luxury.

Syria, which initiated in 1954 the first Fair in the Arab region, was able to support this great manifestation year after year and made out of it an annual meeting of various peoples and nations that paves the way for constructive exchange in the fields of industry, commerce, arts and science outcomes. All this has made of the International Fair of Damascus an important economic event to which every producer, importer and consumer looks forward.



Infrastructure

CONTINUED FROM PREVIOUS PAGE

The dimension of the information problem in Syria cannot be overstressed. Different ministries often have adequate knowledge of basic data in their own fields but there is no central data bank. This leads to inefficiency and gross waste of resources. Ministries have embarked on expensive schemes which conflict with work by other departments and sometimes with projects financed by foreign aid.

But the intrusion of ideological planning in the economy leads to decisions like one, quoted by diplomats, where sugar beet processing factories were built before a successful beet-growing industry had been established. Four were built but only one is in operation. Other cases are cited where two organisations are developing separate projects based on a single indivisible resource, each with no knowledge of the other's activity.

Syria has been skilful in attracting foreign assistance to

lay down the foundations of the economy. In the 1960s the Soviet Union provided loans and development assistance. The biggest project was the \$400m Euphrates Dam which was completed in 1975. This provides the basis for the national electricity grid. The East Germans have been helping to build the transmission system, now the weakest link in the chain of power supplies.

Assistance from the Soviet Union and Eastern Europe went to fall off in money terms when the dam was completed. The big Russian effort now is with the railways. Other East European help is of a rather more commercial nature (Bulgaria for irrigation and Yugoslavia for port development).

During the 1970s Syria has received huge sums in aid and soft loans from Saudi Arabia and oil-producing states. The U.S. concentrates on a few infrastructural projects such as improving the road network and water supply, especially in rural areas.

Telecommunications improvements await the results of Syrian efforts to buy a French all-numerical exchange system. Phone and telex links from Damascus abroad are good compared with some other Middle Eastern countries though they are poor within Syria. The World Bank allocated \$28m for improving the phone network in a 1976 agreement.

Syria is spending almost one quarter of public sector investments on infrastructure. In the five-year plan more than 10 per cent of investments are directed towards electricity and water supplies, and more than 12 per cent goes to transport and communications.

Electricity generation and distribution have the highest allocation (\$1,554m) followed by railways (\$2,438m); harbours (\$2,684m); roads (\$2,602m); water supply and distribution (\$2,610m) and the phone system (\$2,302m).

M.T.

THE SYRIAN GENERAL ORGANIZATION FOR INSURANCE

Is the sole organization in the country for all types of insurance: Life—cars—land and sea transport—fire—personal accidents—civil responsibility—engineering works—aviation—robbery—ships' bodies.

It has branches in all regions of the country and two agencies: one in Lebanon and the other in Jordan.

Declared Capital: Syr.P. 10,000,000
Paid up Capital: Syr.P. 6,000,000

Head Office: Damascus
Tajheez Street
P.O. Box 2279

Tel: 118430 222276 229507 111276
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مركبات الكيماويات

Agriculture still a cornerstone

SYRIA'S ROLE 2,000 years ago as the granary of the Roman empire gave a strategic importance to agriculture that remains close to the hearts of the rulers today. Agricultural performance in recent years has been erratic, due to the heavy dependence on rainfall, the natural disruptions that come with implementing an extensive land reform programme, caution about investment by the private sector and a relative lack of management experience on the part of government personnel. Weak services and credit bottlenecks have also contributed their share to an inconsistent performance by the agriculture sector.

Nevertheless, agriculture remains the cornerstone of economic development policies in Syria. The current five-year development plan expects the agriculture sector to grow at an average annual rate of 8 per cent, compared to only 5 per cent in the last plan. But the share of agriculture in real GDP is expected to decline to 14 per cent at the end of the plan period in 1980, from 21 per cent in 1977. This would represent a continuing decline from 1970, when agriculture represented 21 per cent of the real GDP.

The goal of Syria's agricultural plans remains the potential for self-sufficiency in several foodstuffs, notably grains, sugar, poultry and some fruits and vegetables, which means export-oriented industrial crops as cotton gradually will be overtaken in importance by wheat, barley and sugarbeets.

The single most important project in the agricultural sector is the massive scheme to irrigate ultimately 640,000 hectares of land in the Euphrates Basin (discussed in detail in another article in this survey) which is regarded as a long-term project to be implemented in the next 30 years.

Parallel with the move to increase irrigated areas are efforts to intensify the use of lands already under cultivation and a striving for more 'balance' between the animal and vegetable sectors.

Investments in agriculture during the current plan period are set at \$1.13bn, or 23 per cent of total investments, most of which is going into the Euphrates irrigation scheme. All the targets of the five-year plan are unlikely to be achieved within the scale that has been set (1976-1980), but they do indicate Syria's vast potential for agriculture that is realisable within the coming decade or two. The plan is targets themselves include increasing cereals production from 2.2m tons in 1975 to 3.388m tons in 1980; sugar beets from 198,000 to 2m tons; potatoes from 144,000 to 395,000 tons; green fodder from 371,000 to 7.9m tons; fruit tree crops from 675,000 to 1.13m tons; and tomatoes from 369,000 to 475,000 tons.

Egg production is expected to rise from 513m to 2.15bn eggs by 1980; milk production from 439,000 tons to 1.24m tons; and meat production from 118,000 to 291,000 tons. Fruit tree acreage of 10,686 hectares in 1975 is expected to rise to 35,445 hectares by 1980. Set against this series of very realisable production targets is the haphazard agricultural performance of Syria in the past decade. For one thing, the actual area of cultivated land has dropped slightly since the start of the decade. In 1971, according to the Government's statistics, there were 5.8m hectares of cultivated land, while in 1977 there were 5.5m hectares.

The amount of irrigated land has fluctuated in both directions. The 474,000 irrigated hectares of Syrian land in 1971 increased to 625,000 in 1975 and dropped back down to 531,000 in 1977 — the drop being due partly to urbanisation and loss of the lands submerged under the Euphrates dam reservoir known as Lake Assad.

Droughts Most of the ups and downs of Syrian farming are due to vagaries in rainfall, which the current emphasis on irrigated farming will gradually dissipate. Bad droughts in 1970, 1973 and 1977 resulted in lower than average output, and combined with reduced acreage for some crops such as tobacco, wheat and barley give Syrian agriculture a weak performance as measured by scanning the annual statistics.

These show, for example, that wheat production in 1977 was the worst for four years, as was the case with barley. Production of eggs and milk also dropped in 1977 over the previous year, and the value of vegetable production, measured in constant 1963 prices, rose only 9 per cent in the four years from 1974 to 1977 (from \$81.466bn to \$81.608bn).

In 1977, Syria produced 1.217m tons of wheat, 337,000 tons of barley, 117,000 tons of lentils, 454,000 tons of tomatoes, 273,000 tons of sugar beet,

175,000 tons of olives, 647,000 tons of milk, and 672m eggs, to name only the most important items. It remained, however, a large net importer of agricultural products. It imported \$41.165bn worth of foodstuffs in 1977, and exported only \$8145m (with another \$836m of cotton exports), giving a net deficit in agricultural foodstuffs of \$41.022bn.

Some of the imported foodstuffs, such as fruit, vegetables and sugar, will be produced locally in sufficient amounts to meet domestic demand as new irrigation projects start in the coming few years, both in the Euphrates area and in the two other big irrigation schemes covering an additional 22,000 hectares around the Orontes and Khabur rivers, in the north-western and north-eastern parts of Syria respectively. A system of classifying land into five different kinds based on the amount of average annual rainfall will also maximise the productive capacity of the rain-fed sector. Wheat, for example, is being withdrawn from marginal areas and planted in regions where mean rainfall is more than 350 mm — a move which has already shown good results by keeping production above 1.2m tons in 1977. Wheat, fruit and vegetables are now being given the best rain-fed lands, with barley and lentils taking over former wheat-growing areas.

The need to grow vast new quantities of sugar beet to supply four new sugar plants involves cotton-growing areas being taken over by sugar beet.

A parallel effort, which has already shown success, involves reducing the area of fallow land to make maximum use of cultivable earth. Farmers are being encouraged to grow leguminous fodder for their cattle and to leave fallow, which is proving particularly feasible in those regions of the country where the average annual rainfall exceeds 350 mm.

The interplay between private and public sector interests remains finely tuned in Syrian agriculture. While the vast majority of agricultural lands are privately owned, the marketing of produce is in state hands, and the state is responsible for an annual plan which determines what types and quantities of crops will be grown by each farmer.

The state also licences all aspects of the agricultural sector, such as drilling of water wells, as it controls the provision of equipment and services such as tractors and machinery, fertilisers and insecticides — and, of course, credit.

The Ministry of Agriculture licences all farmers and certifies that their land use is consistent with annual production targets, although farmers with less than two hectares or those cultivating rain-fed land with an annual rainfall of under 250mm are exempt from such regula-

tion. The state also makes a commitment to buy all output at a price that is set before the growing season starts. The rising posted prices for farm produce serve several purposes, among which are incentives to meet agricultural targets, stabilisation and distribution of incomes, and the raising of farm incomes to encourage rural workers to stay where they are instead of joining the exodus to the cities.

While the state plays the dominant role in directing farmers to the kinds of crops they should produce, as well as providing required infrastructural and technical facilities, the land itself is owned by the farmers, which gives them the incentive to work it to its maximum productivity. A system of bonuses for early deliveries of crops further encourages the farmers' initiative.

Recognition

Statistics for 1977 show that about 98 per cent of the cultivable area of 5.866m hectares was owned by private farmers. A full 76 per cent of Syrian land was worked by private families; 22 per cent was grouped into private-owned co-operatives and only 2 per cent of the cultivable land was owned and operated by the state, an obvious political recognition of the fact that private farming tends to be more efficient than state-owned agriculture. In 1977, there were 3,432 co-operatives with a total of 267,265 members.

Livestock is receiving substantial new investment in the form of poultry complexes, cattle-breeding stations, artificial insemination facilities and veterinary centres. A \$17.5m World Bank project is under way to strengthen this sector by providing money for farmers to buy feed and by upgrading veterinary facilities in the field. From 3.5m head in 1952, the sheep population of Syria has grown steadily to reach more than 8m this year. There are 750,000 cattle, 2m goats and more than 5m laying chickens. The livestock sector accounts for about 35 per cent of total agricultural output, and its share will remain high as new projects begin.

In fact, there are now some fears that the rapid increase in the country's livestock may aggravate the encroachment by the desert because uncontrolled grazing in the eastern part of the country, coupled with only rudimentary range management, is wiping out the vegetation there.

After exporting barley for many years, Syria is now a net importer of animal feedstuffs, and likely to remain so for many years. The lack of feed has replaced lack of credit as the main obstacle facing the livestock sector.

There is also a problem of inadequate storage capacity for the imported feed that is now entering the country in large quantities, though this will be resolved shortly with the construction of silos, as well as by converting some wheat silos to store animal feedstuffs.

Another way in which agriculture embodies the interplay between private and public sector forces in Syria is the willingness, perhaps even enthusiasm, of the government to establish joint venture farming projects and agro-industries with private foreign capital. According to officials of the Planning and Agriculture ministries, foreign investors may own up to 100 per cent of the capital of new projects in the tourism and agriculture sectors, with guarantees on the full repatriation of profits.

While detailed discussions have been and are still being held with several Western companies about starting up new farming projects on a joint venture basis, actual implementation appears to be slow. One new company with private Saudi Arabian investors has been established, and it is likely that more such arrangements with other Arab interests may materialise before a big deal is agreed upon with Western investors, who have been slow to investigate opportunities in Syria, in part because of the country's image as being anti-private capital.

Vast

It is widely anticipated among private sector circles in Damascus that precisely such joint ventures with foreign partners will be required to work the vast new areas of irrigated farmland that will become available in the next two or three decades.

One big question that needs to hang over the agricultural sector, however, is future land ownership policy. It is clearly impossible to find enough farmers to run the hundreds of thousands of new hectares of irrigated land on the basis of each farmer owning and operating a small farm, as is now the case in the wake of the land reform programme of the past two decades. Land redistribution has resulted in a situation where 93 per cent of farm plots are between one and 25 hectares in size, and 50 per cent of all farms are less than seven hectares.

With about half the Syrian population already directly or indirectly employed by the agriculture sector, the future trend is likely to be towards more capital-intensive mechanised farming on larger farms, requiring fewer workers. It is one of the current plan's priorities to encourage the development of co-operatives, whose members more than doubled between 1975 and 1977.

Rami G. Khouri

Planners assess their performance

SYRIA HAS the essential basic ingredients for a well-balanced economy. They include: plenty of manpower and water, vast agricultural lands, a growing industrial base, untapped mineral resources, enough oil to supply the country's own energy requirements, exportable commodities such as cotton, phosphates and oil, a tradition of skilled trading, and a private sector of great but only slightly tapped potential.

In the past 30 years or so, the ups and downs of internal and regional political developments have restricted Syria's ability to address itself coherently to its socio-economic possibilities, and it has been in only the past few years or so that Syria's planners have had the chance to assess their own performance during this decade and evolve new development strategies based on their accumulated experience and mistakes. This has been in part due to the stability that has been brought to Syria under the regime of President Assad.

It has also been in part due to regional circumstances, such as the vast influx of Arab financial aid that followed the 1973 Middle East war, an influx that allowed Syrian planners to go down on a spending spree that has taught them a great deal about the most efficient and productive manner of boosting the country's development.

The result has been that the current five-year plan ending in 1980 represents probably the first serious attempt in modern Syria to produce and implement a development plan whose progress is tied to the year-to-year factors that influence the Syrian economy, such as aid flows, the

inflation rate and the general level of productivity in industrial and other plants.

The current plan is also far bigger than anything previously attempted. The first and second five-year plans, between 1960 and 1970 incorporated investment targets of \$2.7bn and \$3.7bn respectively, and averaged an execution rate of 65 per cent.

The third plan, from 1970 to 1975 aimed to invest \$8bn but ended by spending closer to \$10bn after the inflow of Arab aid in 1974-75. Nevertheless, 40 per cent of the plan's projects had to be carried over into the fourth, and current five-year plan.

Target

Initially written up with an investment target of \$70bn, the current plan was scaled down to \$54bn, of which \$27bn covered projects carried over from the previous plan. \$17.6bn covered new public sector projects and \$9.4bn represented private sector investments.

The current plan aims for a real annual average GDP growth rate of 12 per cent. This is to be distributed economic projects evenly throughout the country with an eye to speeding up rural socio-economic development; to achieve self-sufficiency in foodstuffs, clothing and energy; to develop the domestic and regional communications infrastructure; to curb inflation over the five-year period to 30 per cent; and to achieve a greater reliance on domestic financial resources through an improved tax system.

The GDP is expected to increase from \$19bn to \$27bn by 1980.

\$233.5bn in 1980 at 1975 prices. The building and construction sector aims at an annual growth of 15 per cent, followed by industry, mining and energy at 15.4 per cent, and agriculture at 8 per cent, to cover the main productive sectors. Other sectoral growth targets are 16.4 per cent a year for transport and communications, and 11.2 per cent for services.

The post-1973 influx of Arab aid allowed the Syrians to spend on a crash programme of industrialisation. In many cases, projects were inadequately planned and have been starting up without sufficient manpower or managerial support. Therefore, a great deal of Syria's industrial sector is running at far below its productive capacity.

The planners have realised that poor management is holding back Syria's development, and several different approaches are now being made to rectify this underlying weakness. The role of the country's renowned private sector, with its entrepreneurial prowess, appears to be receiving some stimulus from the Government.

Dr. Georges Horanich, the Planning Minister, says: "The private sector is part of our richness," while other senior officials are even more forthright, saying that "the state's managerial expertise is at an infant stage."

Dr. Horanich told the Financial Times that the Government wants to accelerate the participation of the private sector in development investments through the establishment of mixed companies with public and private sector shareholders, including foreign interests, as well as Syrian.

CONTINUED ON NEXT PAGE

SYRIA VII

Euphrates project needs decisions



The Euphrates Dam: built with soft loans from the Soviet Union

WHEN THE massive Euphrates Dam project is completed, it will more than double the irrigated farmland of Syria, and will emerge as the focal point of agricultural industries that will go most of the way towards making Syria self-sufficient in food.

The Euphrates scheme aims to bring under irrigation 640,000 hectares of land, which compares to the current irrigated area of 320,000 hectares, and it is the single most important project in the current five-year plan.

It takes up \$27.5bn out of the \$51.3bn being invested in agriculture during the plan period ending next year.

The dam structure itself was completed several years ago, and was officially inaugurated by President Assad on March 15 last year. But the entire project is behind schedule because important decisions have not yet been made on how to resolve some relatively simple technical problems and on more philosophical points such as land ownership.

The longer these critical decisions are delayed, the longer will be the period of what remains a sound and impressive undertaking. The project's twin aims are to provide electricity generating capacity of 800MW and to harness the waters of the Euphrates River to irrigate 640,000 hectares, with all the new social development services that this implies. These include the establishment of new cities and towns, and the provision of health, education, communications and other social services to a rural area that should provide a new pole of socio-economic activity to help redress the growing urbanisation of the country.

The earth-fill dam itself, a visual attraction in its own right, took ten years to build at a cost of about \$400m, provided mostly in soft loans from the Soviet Union. It is 4.1 km long, 80 metres high and half a kilometre wide at its base. The reservoir behind it, called Lake Assad, is 89 km long and eight km wide on average, with a capacity of 4.1m cubic metres of water.

Part of the dam project is a power generating system with eight turbines providing 100MW of power each, of which six are already operating. Their combined power meets most of Syria's present electricity consumption, allowing existing thermal power stations to be switched on only during peak consumption times.

Stored
In the coming years, however, the dam's power will be required to run the pumping systems by which the stored water will be lifted from Lake Assad on to the newly irrigated land, most of which is higher than the reservoir. Eventually, only about 10 per cent of the dam's power will feed into the national grid.

The irrigation projects are divided into six areas, which are at different stages of development. The first is the Balikh Basin, where most of the pilot farm schemes have been undertaken in the past four years. Balikh covers 185,000 hectares, with the most extensive work under way in 9,000 hectares of the pilot project being run by a Syrian state-owned company. Balikh also includes a dairy

cattle project and 18 new villages housing about 40,000 people.

A second pilot project covering 17,000 hectares is also being run by a Syrian public sector company, while the remaining area has been divided into seven sections of which two are being studied by Bulgarian experts.

The second area to be brought under cultivation will be the Meskene, with its 155,000 hectares divided into three sections. The Meskene West section (107,000 hectares) is being developed by the Soviet Union, with a plot of 7,000 hectares expected to be cultivated this summer, as soon as the pumping facilities are finished.

The Meskene East section (25,000 hectares) is being developed by a Japanese company, Nipon Koy, whose studies will be completed this winter, and that area will require at least three years to commence. The third section is a government pilot farm with 2,000 hectares under cultivation.

The third area is Resafe, whose 25,000 hectares are being studied by a Bulgarian team.

The fourth area is the Euphrates Valley, divided into the Middle Euphrates Valley with its 27,000 hectares now being developed by the Romanian company Romagrimex, and the Lower Euphrates Valley with its 180,000 hectares being studied by French experts. The lower Euphrates region appears to require extensive leaching to get rid of salt before the land can be properly worked.

The fifth area is the Lower Khabur Basin region, now being studied by a Bulgarian company, which covers 40,000 hectares. And the sixth area is the Mayadin Plain (also 40,000 hectares), which has not yet been examined in detail, and probably will be the last area to be developed.

The total project anticipates 21,000 kilometres of main and secondary canals and several hundred kilometres of new roads, along with all ancillary social services for the tens of thousands of people that will be required to run the farms.

One of the unknowns about the entire Euphrates development scheme is how many

farmers will be needed, because it is still not decided what kinds of farms will be established—whether small privately-owned plots or large state-owned operations.

If the entire area is to be mechanised, then relatively few farmers can operate the farms. If the pattern is to be for smaller farms that are privately owned and operated, then many more people will be required. The Government says it can attract people to the Euphrates area because of the incentives of owning land and making a higher income than the average Syrian farmer elsewhere in the country.

The land already being worked in the Euphrates basin is state-owned farmland, where the farmers lack the incentive to produce at top efficiency. With the Meskene West area ready to be cultivated this summer, a top-level decision on what kind of land ownership policies will prevail in the Euphrates area is urgently needed.

Incentives

The vast majority of Syrian farmlands are privately owned—tacit expression of the state's appreciation that private ownership provides the incentives to work better that are usually lacking in state farms. It is likely, though not certain, that private ownership will play a large part in the Euphrates region, probably through a process of greater collectivisation which makes for easier mechanisation and therefore more efficient and productive farming.

Then there are the problems of salinity and gypsum, both of which have been known for 100 years, but neither of which has been decisively tackled. The gypsum in the soil dissolves when the land is watered, making the soil unstable and leading to cracking in the irrigation canals, as has happened a number of times. The problem is easily and quickly solved by lining the canals so that no water seeps into the soil underneath them.

There are several proven liners that can be used, but once again a top-level decision

on which solution to adopt has still not been taken, delaying work on the entire Euphrates project. In fact, many regions still have not had a thorough soil analysis to determine exactly where the high gypsum areas are.

The problem of salinity also has an easy technical solution, which is leaching the soil and setting up proper drainage systems.

The cost of developing the Euphrates area has increased rapidly during the past decade. According to commercial sources working with the project, a hectare of land now costs about \$10,000 to be developed fully.

Pilot projects have shown already that most crops, except perhaps rice, are well suited for growing in the area. Fruit trees have done extremely well, as have trees in general. Other crops that have grown well are wheat, barley, beans, sugar beet, cotton and alfalfa. The success of these pilot projects reaffirms the fundamental validity of the entire Euphrates project.

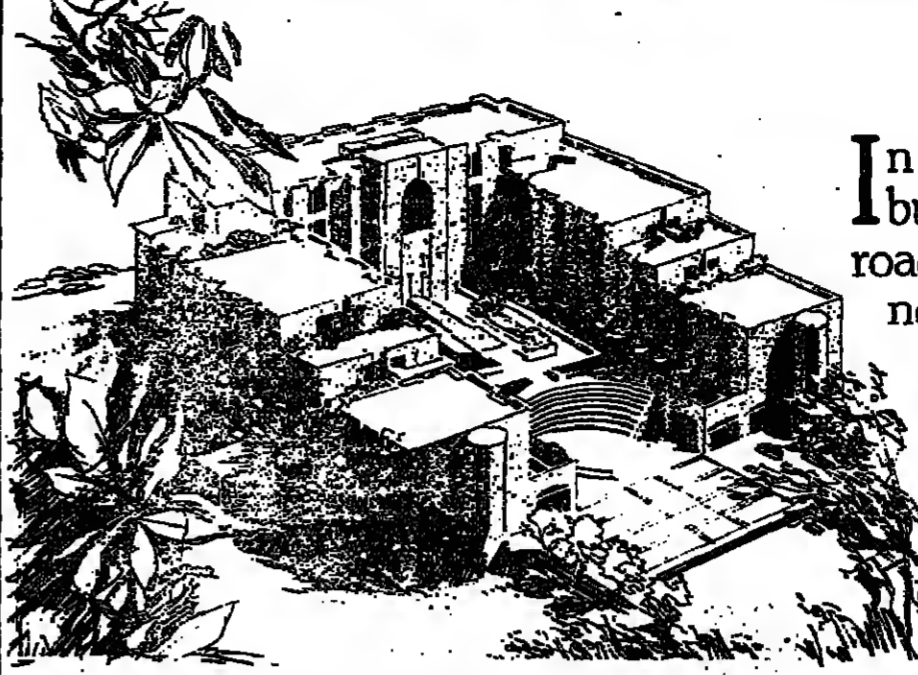
The general aim is to develop about 25,000-30,000 hectares of land every year after an initial 70,000 hectares are cultivated by the end of next year, meaning that the entire project will require perhaps 40 years to complete. Given the challenges of bringing in the farmers for this kind of project, such a time scale for the Euphrates scheme appears realistic.

There is also a strong likelihood of private capital and expertise coming into the Euphrates project, in the form of joint ventures with the Syrian government, or in mixed operations in which public and private-sector Syrian interests join foreign companies. Western companies have been holding talks to this effect, though no firm deals have been agreed upon to date.

The technical problems now delaying the Euphrates dam project are relatively simple ones, with known and proven solutions. The bottleneck appears to be in the managerial and decision-making process, which slows down those vital technical decisions.

Rami G. Khouri

The Old and the New



In Damascus, the once bustling religious cross roads of the world, the new has now met with the old.

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Planners

CONTINUED FROM PREVIOUS PAGE

Two mixed companies in the tourism sector are already established, and three mixed companies are also established. With other Arab interests. Talks are also being held now with West German and Italian investors on setting up industrial plants to produce mixers and dampers, as well as shipping companies.

Dr. Horanich also says banking interest rates may be raised to encourage the channelling of private savings into productive investments via the state-owned commercial banking system. A third approach already being implemented is to invite international management consultants to study state-owned companies to advise how their productivity can be improved.

After the free-spending period of 1974-76 when real GDP grew at an average annual rate of 13 per cent, the past two years have seen the annual growth rate drop back to around 6 per cent. This has been due to severe measures to stem inflation to adjust to the dislocations caused by the Lebanese war and redress the growing balance of payments deficit.

In the development planning approach, this has been reflected in what Dr. Horanich calls "a stabilisation of government expenditures."

The investment budget of \$510bn of 1970 has risen only to \$5116bn this year, and will

be about the same level next year, reflecting the current strategy of holding steady annual expenditures after calculating for a 6 per cent growth in the non-defence budget to cover salary increases. This stabilisation of fiscal policy, coupled with a slowdown in commercial bank credits, has successfully brought inflation under control, to where it now appears to be in the range of 8 to 10 per cent.

Respond

This desire to respond to short-term pressures such as inflation means longer-term development targets may have to be adjusted along the way.

One way of doing this, in the Syrian view, is to label a certain percentage of the five-year plan's projects as "reserve" projects, to be implemented only if the financial and human resources are available. In the current plan, \$86.5bn of the \$554bn in investments are for reserve projects.

According to the Planning Minister, all the projects in the current plan have been contracted for implementation, and some reserve projects will be implemented in the coming 18 months. What this appears to mean is that all the plan projects will enter the execution stage during the plan period.

but they will not necessarily all be producing.

Measured by expenditures, the current plan will probably achieve full implementation, but if measured by output, it probably will fall short in view of the past 20 years of development planning. Though, this plan's performance must be given high marks.

Work has already begun on formulating the next plan, covering 1980-85. Sectoral surveys of agriculture, transport, industry and health are already under way, and are designed to allow the next plan to relate to Syria's development strategy up to the year 2000.

Overall emphasis will continue to be put on agriculture and agro-industries as the focal point of the strategy to speed rural development to stem the urbanisation process that worries Syria, as it worries most Third World countries. Minerals will also receive greater attention in the coming decade, as will manpower planning.

The shortages of skilled workers that have slowed down some development plans are being tackled by an acceleration of the programme for technical training institutes, on the theory that it is more productive in the long run to increase the supply of skilled workers than to restrict the outflow of workers—though some highly-skilled workers are not allowed to leave

Syria without permission to reduce their emigration to higher-paying jobs in the Gulf's oil-producing states.

The stabilisation of expenditures of the past two years has allowed Syria to achieve near full implementation of its plan projects, though many new factories are running far below capacity, as much as 50 per cent below according to some international studies. Syrian officials realise this, and there are clear signs that a short-term priority is to work with the productive capacity that already exists, before building any new plants.

The planning effort of the past nine years should bear fruit in the next few years in a remarkable way, given the entry into the market of many large industrial plants, the anticipated increase in irrigated farmland and the sharp rise in livestocking, compared with a general improvement in the transport infrastructure. If Syria's management problems can be tackled aggressively, which may start to happen in the coming year or two, its development planning drive will show handsome results, given the underlying strength of the economy and its varied resources.

If the management problems are not resolved, however, Syria's productive capacity will remain far below its potential.

R.G.K.

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Companies and Markets

UK COMPANY NEWS

Burton jumps to £9.2m at midway and pays 3p

A JUMP of well over £4m in taxable profits is reported by the Burton Group. The company pushed up the pre-tax surplus from £4.67m to £9.24m in the half-year to February 24, 1979, on sales ahead from £78.5m to £82.5m.



Mr. Cyril Spencer, managing director and chief executive of the Burton Group.

The profit growth in woenswear was outstanding, and Ryman and the French division again improved their performance. The profit growth in woenswear was outstanding, and Ryman and the French division again improved their performance.

Record profit at B. Nathan

After tax of £785,000 this time and an extraordinary credit of £1.71m, against a £3.57m debit, the attributable profit jumps from £1.1m to £10.16m.

Nathan, chairman, now says that order intake during the year generally continued to exceed production and at the year-end orders on hand were a record. Since the year end, the group has begun to benefit from its recruitment and training programme and from plant investment.

Hoover looks for improvement after cost-cutting operations

The benefits of Hoover's vigorous cost-cutting exercise should show through in improved profits this year, said Mr. M. R. Rawson, chairman.

lang and Merthyr Tydfil—of more than £30,000. Also during this period, the lorry drivers' strike cut supplies, and reduced efficiency and incurred additional costs.

ISSUE NEWS

Gibbs Mew places some equity

A placing has been arranged for 8.5 per cent of the equity capital of Gibbs Mew and Co., a small family-controlled brewery, the shares of which are traded on the stock exchange under L63 (2).

gross, which will be covered 3.5 times. At the placing price the shares sell on a p/e of 11.4 while the yield is 3.7 per cent. This compares with 9.5 and 5.3 per cent respectively for the overall brewery sector.

Yearlings unchanged

The interest rate on this week's batch of Local Authority yearling bonds is unchanged at 10 1/2 per cent. The stock is issued at par and is repayable on April 15, 1980.

The issue are: London Borough of Brent (£500,000), Harlow District Council (£500,000), Sefton Metropolitan Borough Council (£500,000), Dudley Metropolitan Borough Council (£750,000), City of Wakefield Metropolitan District Council (£750,000), Beverley Borough Council (£500,000), City of Lincoln (£500,000), City of Glasgow District Council (£2m), Corporation of London (£1m), Borough of Cheltenham (£500,000), Metropolitan Borough of Rotherham (£250,000), Langhaurgh Borough Council (£500,000), Borough of Eastleigh (£250,000), Etrick and Lauderdale District Council (£250,000), Kirkcaldy Metropolitan Borough Council (£750,000), St Helens Metropolitan Borough Council (£500,000), London Borough of Barnet (£1m), Renslow District Council (£1m), Borough of South Tyneside (£1m), Borough of Southampton (£250,000), North Norfolk District Council (£500,000), Amber Valley District Council (£500,000) and Cheltenham Borough Council (£500,000).

HIGHLIGHTS

Lex looks at the banking figures and early money supply indications for March and considers the implications for the new gilt edge issue this morning. On the company front British Petroleum has produced its annual report at a time of unusual turmoil in the oil industry.

DRG recovers in second six months

AFTER the fall from £12.55m to £9.7m in the first half, the Dickinson Robinson Group finished 1978 with pre-tax profits up 9 per cent from £21.87m to £23.53m.

Overseas results were most encouraging and recovery in Canada was particularly pleasing. In the UK the group suffered varying degrees of disruption during January. Although some business lost will not be recovered, the overall effect will be less significant than at first thought.

Commenting on the results, Mr. John S. Cannon, chairman, says the outcome should be viewed in the light of the special circumstances experienced by the UK packaging division. Industrial disputes at DRG flexible packaging and in Scotland not only disrupted operations but effects were felt into the third quarter.

Market estimates appear to have straddled DRG's 1978 results with a reasonable degree of accuracy so perhaps 1979 profit predictions of £27.5m-£28m pre-tax should be heard with due attention. An improvement on that scale, however, will probably owe almost everything to a recovery in the packaging division, down around £4m in 1978, and thus little or nothing to organic growth.

BP steps up capital spending programme

AUTHORISED FUTURE capital expenditure by the British Petroleum group is estimated at £3.3bn, compared with £1.42bn, which includes some £760m (£320m) for which contracts have been placed.

A geographical analysis of the operating result and capital expenditure—UK £283m (£293m) and £294m (£307m); rest of Europe £58m (£15m loss) and £222m (£165m); Middle East and Africa £116m (£125m) and £22m (£110m); North and South America £90m (£105m) and £37m (£10m); Australia £19m (£93m) and £62m (£49m); and international operating result £28m (£68m).

Turnround at midway for Sidroy

A turnround from a £9,300 loss to a £21,800 surplus, after reduced interest of £23,100, against £48,500, is reported by Sidroy in the half-year to December 30, 1978.

Turnover of this ladies' infants' and children's clothing manufacturer was £1.57m, against £1.48m. In the 61 weeks in June 30, 1978, there was a £97,000 loss.

Smiths Inds. reaches £11m in mixed half year

SET AGAINST a period in which parts of the group were severely affected by industrial disputes, pre-tax profits of Smiths Industries emerge 45 per cent higher at £10.98m in the 26 weeks ended February 3, 1979. But the second half result is unlikely to match the exceptional £14.6m achieved in the comparable period of 1977/78, the directors state.

DIVIDENDS ANNOUNCED

Table with columns: Company Name, Current payment, Date of payment, Current dividend, Corrected dividend, Total dividend, Total last year. Includes companies like Aberthaw Cement, Aquasutum, Assoc. Biscuit, etc.

They explain that the first half result reflects the continuing difficulties of supplying a troubled UK motor industry but aviation has made a good recovery against a background of buoyant demand which is expected to be maintained.

Under the heading of other industries further progress was made and profits rose from £2.5m to £3.8m. The directors point out that the results of the medical, ceramics, tubing and hypertac connector businesses were particularly notable.

Hewden-Stuart tops £6.6m despite January losses

PROFITS before tax of Hewden-Stuart Plant improved from £4.99m to £6.98m in the year ended January 28, 1979. Turnover increased £20m to £94m and the directors confidently expect the figure to exceed £100m in the current year.

possible shortages of plant emerging in certain fields. The crane hire division is being developed further and forward bookings are satisfactory. At a local level, where smaller cranes serve daily needs of industry, the group is retaining a problem, but measures taken last autumn have led to some improvement in rates across the industry.

The Board says the profits must be regarded as highly satisfactory as the group incurred abnormal trading losses in January due to the haulage strike and the severe weather.

The marketing division has started the year well and continues to expand and should benefit further from replacement demand.

The loss was a sharp reverse from the rising trend in profits throughout the second half—profits in the first six months had risen from £2.2m to £3.34m.

gross earnings per share are shown at 11.93p against 8.29p and the dividend is effectively raised from 1.06643p to 1.22273p with a final of 0.77375p. A two-for-five scrip issue is also proposed.

Trading profit 15,827,787, Depreciation 7,078,544, Interest 2,284,252, Profit 6,465,191, Minorities 422,330, Attribution 6,241,861, Tax 351,887, Dividend 517,639, Retentions 5,722,125.

It seems, for the first time, that Hewden-Stuart's cash flow (including disposals) has exceeded capital spending. Fixed asset investment during the current year is likely to stabilise at £16m which suggests that, given a potential 10-point improvement in plant utilisation, to perhaps 75 per cent, some success in lifting hire rates, possibly lower interest charges and the chance of recouping much of the £600,000 profit lost through the haulage strike and foul weather, the cash position is unlikely to deteriorate.

In the current year, weather conditions continued to disrupt group activities in the first few weeks with earthmoving plant hire and general plant divisions being particularly affected, the Board states.

The group is looking for a sales rise of almost a fifth this time and believes that buoyant post-freeze trading conditions over the coming months offer scope to adjust hire rates in many areas. That indicates a good deal of support for the shares, up 1p yesterday at 87p, where the p/e is 7.7 on stated earnings. Given a positive cash flow and below industry average gearing of 69 per cent, Hewden-Stuart could embark on significant expansion. However, the message, for the moment, is that this does not

Work which should have been done over the winter months will now fall to be carried out simultaneously with normal seasonal demands. The directors, therefore, anticipate buoyant conditions in these divisions over the coming months with

signal the final stage of the quoted plant hire sector's lengthy rationalisation.

Following the first half downturn, profits of Aberthaw and Bristol Channel Portland Cement—Company fell from £10.2m to £7.24m in the second six months of 1978. This has left the total down from £1.86m to £1.25m and for the current year the directors are forecasting profits considerably lower than this.

Turnover of this cement manufacturing group improved from £18.69m to £21.06m in 1978. The profit was struck after depreciation of £319,000 (£507,000). After a much reduced tax charge of £199,000 compared with £93,000, the net profit comes through at £1.05m against £0.92m. Earnings per 25p share are stated to be up from 23.44p to 26.61p.

The final dividend is 4.7455p raising the net total from 6.7574p to 7.5477p.

In the first three months of the current year trading conditions have been very difficult, the directors state. Production has suffered from the effects of bad weather and also a high incidence of repairs which were planned for that period. Because of large increases in costs particularly fuel they expect that profits for 1979 will be much lower than those of the previous year.

For the half year earnings per 20p share are shown at 0.5p, compared with a 1.23p loss last time. There is again no interim dividend.

Atrichable profit came through at £20,500 (£33,300 loss). Comparisons have been adjusted in accordance with ED 3.

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Atrichable profit came through at £20,500 (£33,300 loss). Comparisons have been adjusted in accordance with ED 3.

Crown House has a lot going on behind the scenes at the National Theatre.



London's famous new theatre on the South Bank is one of many outstanding recent developments where the engineering services—electrical and mechanical—have been installed by Crown House Engineering.

CHE are winning more and more contracts, not only in Britain but in the Middle East, Africa and Australia. If 'all the world's a stage' Crown House is increasingly there behind the scenes. We play other parts too. Our subsidiary Dema Glass, is Britain's biggest manufacturer of finest quality hand cut crystal glass through its well known 'Thos. Webb' and 'Edinburgh' brand names.

COMBINED ENGLISH STORES GROUP LIMITED. Preliminary Announcement. Results for the year ended 27 January 1979. Chairman Murray Gordon reports. Another record year. A maximum dividend increase and a one-for-one scrip issue. Table with columns: 1979, 1978. Rows: Sales, Profit before tax, Profit after tax, Earnings per share, Dividends (gross equivalent), Dividend cover.

UK COMPANY NEWS

Associated Biscuit meets forecast with £9m

TAXABLE profits of Associated Biscuit Manufacturers fell from £9.2m to £9m in 1978...

well down from £5.98m to £4.74m. As forecast the final dividend is raised to 1.88p net...

move into its new building. The group incurs most of its expenses in the UK so there should not have been too much of a distortion from currency movements...

Stronger pound against Minet

A DECLINE in pre-tax profits from £7.94m to £6.56m in the second half of 1978...

Best-ever £1.01m for Astbury RECORD TAXABLE profits of £1.01m in 1978, against £778,394 previously...

Second half fall leaves Higgs & Hill £1m off

A SECOND half fall from £1.57m to £940,000 left profits of Higgs and Hill, building and civil engineering contractor...

BOARD MEETINGS table listing various companies and their meeting dates.

engineering work in the UK due to weather conditions. As given as reasons for the failure to make the forecast...

Ruberoid finishes 30% ahead after second half standstill

SECOND HALF profits of Ruberoid slipped from £681,900 to £583,642 leaving the total for 1978 30 per cent ahead at £1.1m...

ing technical and applicational knowledge. The effect was to reduce losses from £511,000 to £166,000.

Bardez, plastic products manufacturer, says Mr. Gilbert Hunt the chairman, caused by a combination of the road transport strike and severe weather conditions...

There is an extraordinary debit of £38,558, compared with £12,958 in 1977. Attributable profit comes through at £588,222 against £472,403.

The group's principal activity is stockholding and distribution of a range of equipment used in industrial, domestic heating and plant maintenance engineers and plumbers.

Mettoy makes profit advance to record £3.5m and pays 2.6p

FOLLOWING A profit advance from £1.25m to £1.58m at 36 weeks, the Mettoy Company, toy manufacturer, pushed further ahead to finish 1978 with a record pre-tax surplus of £3.64m...

with the U.S. holding its own and the Middle East and Nigeria showing a downturn. The EEC, however, came through strongly...

Turnover for the UK company was 15 per cent up to £119.4m (some 9 per cent of total turnover over the year worldwide) and pre-tax profits jumped 55 per cent to £12.5m (18 per cent of the overall total).

Swire Properties Results for 1978. Shareholders' profit (excluding extraordinary profit) HK\$ 162.2M (1977 HK\$ 99.6M). Shareholders' funds HK\$1,267.9M (1977 HK\$992.4M). Earnings per share 46.9c (1977 30.8c). Dividends per share 28.0c (1977 18.5c). Profits increased by 63% before extraordinary profit of HK\$9.8 million. Dividends increased by 51%. Shareholders' Funds increased by 28%. Gross assets now HK\$2,014.7 million including HK\$1,102.6 million investment properties. Future Prospects Further improvements anticipated for 1979 but economic climate likely to reduce rate of growth. J.H. Bremridge Chairman.

A. Martin down to £1.25m but expects improvement

PROBLEMS surrounding exports together with pressure on margins in the UK and abroad resulted in pre-tax profits of Albert Martin Holdings, clothing manufacturer, falling from a record £1,885,405 to £1,254,170 in 1978...

Slow start to year for Thurgar

A slow start to the current year has been made by Thurgar, a specialist sub-contracting, paper and plastics group, states that although sales on the building materials side increased by 9 per cent...

Fothergill advances to £1.6m

PRE-TAX profits of Fothergill and Harvey, advanced to £1.6m in 1978, a record £1.4m for 1975 on turnover of £14.7m against £12.04m.

Small & Tidmas

The recovery in taxable profits at John G. Small and Tidmas, started at the interim stage, continued through the second half of 1978, with profits advancing from £95,700 to £187,814.

NOTICE OF REDEMPTION

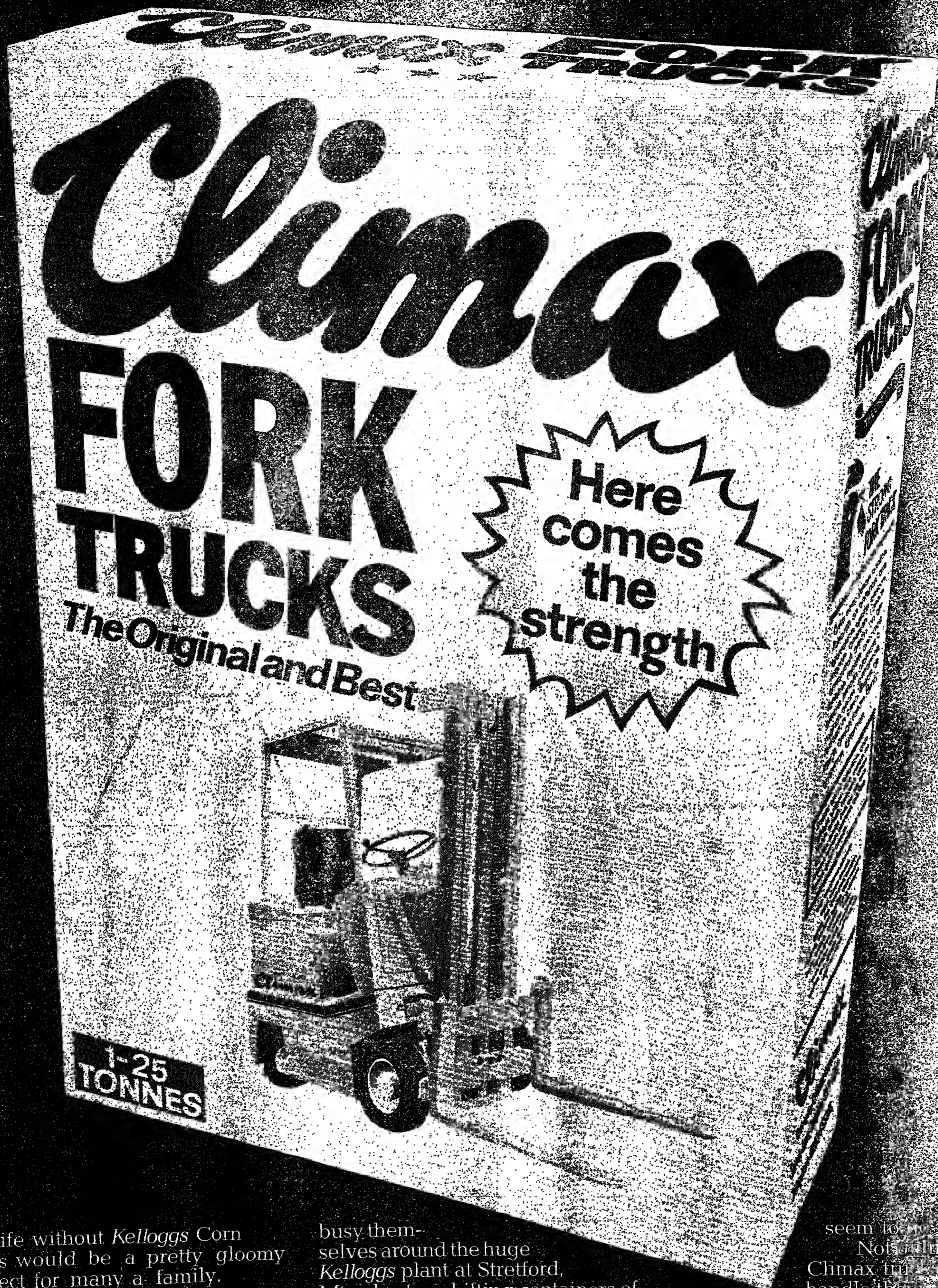
To the Holders of Dillingham International Capital Corporation (Guaranteed by Dillingham Corporation) 5 1/2% Guaranteed Convertible Debentures due May 15, 1988.

NOTICE IS HEREBY GIVEN THAT, pursuant to Section 3.01 (a) of the Indenture dated as of May 15, 1968 among Dillingham International Capital Corporation (the "Company"), Dillingham Corporation, Guarantor (the "Guarantor"), and Bankers Trust Company, Trustee (the "Trustee"), there will be a redemption on May 15, 1979, through the operation of the Sinking Fund, a redemption price equal to 100 per cent of the principal amount to be redeemed...

FRIENDS' PROVIDENT LIFE OFFICE

NOTICE IS HEREBY GIVEN that the ONE HUNDRED AND FORTY-SIXTH ANNUAL GENERAL MEETING OF MEMBERS is appointed to be held at GLAZERS HALL, 9 MONTAGUE CLOSE, LONDON BRIDGE, LONDON, SE1 8JL, ON WEDNESDAY, 9TH MAY 1979, at 2.30 p.m.

Swire Properties Limited The Swire Group Swire House, Hong Kong.



Here
comes
the
strength

The Original and Best

1-25
TONNES

Life without Kellogg's Corn Flakes would be a pretty gloomy prospect for many a family.

That's why we at Climax are proud of the part we play in getting those familiar packets of Sunshine goodness on to millions of British breakfast tables.

A fleet of Climax fork lift trucks

busy themselves around the huge Kellogg's plant at Stretford, Manchester; shifting containers of corn and other raw materials, and handling the finished packets of cornflakes.

While other breakfast cereals come and go, Kellogg's Corn Flakes

seem to go on forever. Not unlike the Climax trucks which handle the job.

By kind permission of KELLOGG COMPANY

Climax

Coventry Climax Limited, Sandy Lane, Coventry CV1 4DX. Telephone: Coventry (0203) 555355. Telex: 531632

LEEDS & HOLBECK BUILDING SOCIETY



At the Annual General Meeting of the Society held on 10th April, 1979...

ASSETS It is only four years since this Society celebrated its one hundredth anniversary...

ADVANCES 1978 started on an optimistic note and we were determined to advance as much money and to as many borrowers as was prudently possible...

THE FUTURE It would be a brave or a very foolish man who attempted to forecast with any degree of accuracy what is likely to happen to building societies...

There is no listing on any stock exchange for the securities of the Company and no application is being made to the Registrar of Companies...

GIBBS, MEW & COMPANY, LIMITED Following a capital re-organisation approved by shareholders at an EGM on Thursday 29th March...

THE SCOTTISH LIFE ASSURANCE COMPANY CHAIRMAN'S STATEMENT YEAR 1978 EXCEPTIONAL YEAR FOR THE SCOTTISH LIFE Net new premiums for 1978 at £21.1 million were 113% greater than those for 1977...

MINING NEWS

Selection Trust earns and pays more

BY KENNETH MARSTON, MINING EDITOR

BEST market expectations are matched by the 1978 earnings of the UK-registered Selection Trust mining and industrial group...

More small Ashton diamonds

THE LARGEST bulk sampling results so far obtained are announced by the Ashton diamond exploration joint venture in Western Australia...

Poor year for Shell Chemicals

Shell Chemicals UK has admitted that it experienced a "poor year" in 1978 with losses of £14.8m as against a £5.7m profit in 1977...

RESULTS AND ACCOUNTS IN BRIEF

REFUGEE ASSURANCE - Treasury approval received for payment of the declared final dividend of 6.2p. THE SOLICITORS' LAW SOCIETY GROUP - Results for 1978 with dividends already paid...

BIDS and DEALS

LMI withdraws and sells out to Comet

BY ARNOLD KRANSDORF

Comet Radiovision Services has taken control of Caledonian Holdings after a six-week takeover battle with rival suitors...

Aurora buys base in U.S.

Aurora Holdings has gained its first manufacturing base in the U.S. with the acquisition of United Products Inc. of Hackensack, New Jersey...

CI to float SA COMPANY

Caravans International is to apply for a listing of its South African subsidiary in Johannesburg...

MERU/GEN.CEYLON MK ELECTRIC

As at April 10, acceptances had been received in respect of 48,337 shares in connection with the takeover...

British Land raises further £25m

British Land, the property group which also owns retailers Dorothy Perkins, has announced a further package of deals and disposals raising £25m...

Chas. Clifford runs into £470,912 loss

Charles Clifford Industries, the non-ferrous metal manufacturer, headed by Mr. Oliver Jessel, has reported a £470,912 loss before tax for 1978...

29 companies wound up

Orders for the compulsory winding-up of 29 companies have been made by the High Court. They were: Motor Vehicle Credit Company, Cheshire Trucking and Shipping Company, Cheshire Overseas Export (Jackson), Gilt Finance (UK), Weyman Funeral Services, Western Oil Exploration Services, Aphrodite Investment, Bridenbrook (Properties), Maryland Tool Company, T. Coyne and Co.

TSB Gilt Fund Limited are pleased to announce the first dividend payment for the period to 29th March 1979. This amounts to 4 1/2p per share which will be paid gross, equating to a yield of approximately 12% gross per annum as projected in the Prospectus.

BULMER MAY BUY AQUALAC SHARE

Following the recent announcement by Cadbury Schweppes that the group is giving up the 30 per cent shareholding in Aquilac (Spring Waters) and the selling and distribution of Perrier brands in the UK...

DAWNAY DAY

Negotiations have reached an advanced stage for the sale of Melbourn Harb and Co. a company which is a subsidiary of Dawnay Day Group for something over £1m...

NEIL & SPENCER

Following the issue of new shares at Neil & Spencer to pay for acquisitions and the reversion of deferred shares, Mr. M. Armitage, Baring Brothers and Co., Outwith Investment Trust and County Bank Smaller Companies Exempt Fund no longer have 5 per cent or more of the issued share capital of the company...

NTHN ENGINEERING

Northern Engineering Industries has agreed terms for the sale of its holding in Anglo Great Lakes Corporation of Newburn Haugh, Newcastle upon Tyne, to Great Lakes Carbon Corporation of New York. Completion is subject to Government approval...

CURRENCIES, MONEY and GOLD

Pound improves despite selling

Days ahead	Close	One month	Three months	% p.a.
April 10	2.088-2.108	2.075-2.105	2.060-2.100	0.30
U.S.				
Canada	2.458-2.478	2.415-2.476	2.370-2.476	0.55
Netherlands	2.030-2.050	2.015-2.040	2.000-2.030	0.28
Belgium	33.00-33.50	32.10-33.10	31.80-33.10	0.48
Denmark	11.07-11.13	11.05-11.08	11.05-11.08	0.56
France	10.95-10.98	10.95-10.98	10.95-10.98	0.32
West Germany	3.37-3.42	3.35-3.40	3.35-3.40	0.28
Sweden	10.70-10.75	10.70-10.75	10.70-10.75	0.56
Switzerland	1.82-1.85	1.82-1.85	1.82-1.85	0.32
Italy	10.70-10.75	10.70-10.75	10.70-10.75	0.56
Spain	16.20-16.30	16.20-16.30	16.20-16.30	0.56
Japan	345-350	345-350	345-350	0.56
Australia	2.85-2.90	2.85-2.90	2.85-2.90	0.56
South Africa	3.20-3.25	3.20-3.25	3.20-3.25	0.56

Sterling remained very firm in the foreign exchange market yesterday, shuffling off a large selling order from Germany as the pound moved above DM 4.0 in the morning. Sterling touched a high point of DM 4.02, but lost ground sharply around mid-day, only to recover in the afternoon, and close at DM 3.990, compared with DM 3.990 previously. The pound was also very strong against the French franc, rising to FFR 9.165, before closing at FFR 9.150, compared with FFR 9.135.

Days ahead	Close	One month	Three months	% p.a.
April 10	2.088-2.108	2.075-2.105	2.060-2.100	0.30
U.S.				
Canada	2.458-2.478	2.415-2.476	2.370-2.476	0.55

Sterling's trade-weighted index, as calculated by the Bank of England, touched 68 per cent in the morning, the highest level since March 1978, but eased to 67.7 at noon and closed at 67.5, compared with 67.5 previously. The pound opened at \$2.105 against the dollar, the best level of the morning, but followed the selling pressure from Germany. In the afternoon sterling picked up on demand from New York, and touched a high point of \$2.105-2.105, before closing at \$2.101-2.102, a rise of 80 points on the day.

Bank of England	Rate
US Dollar	2.088
French Franc	9.150
German Mark	3.990

The dollar's trade-weighted index, on the Bank of England figures, fell to 85.4 from 85.7. The U.S. currency fell to DM 1.908 from DM 1.904 against the D-Mark to ¥212.40 from ¥214.30 against the Japanese yen, and to SwFr 1.725 against the Swiss franc.

Rate	Change
US Dollar	-0.002
French Franc	-0.010
German Mark	-0.004

The Italian lira lost ground in terms of its ECU central rate.

Commodity	Price
Gold	\$380.00
Oil	\$12.00

Unit	Rate
French Franc	65.48
German Mark	1.936
Italian Lira	1936
Dutch Guilder	2.363
Spanish Peseta	166.64

From	To	Rate
US Dollar	British Pound	2.088
French Franc	British Pound	9.150

Term	Rate
Overnight	11.50%
3 months	13.50%

Country	Rate
Belgium	8.00%
Netherlands	6.00%

Term	Rate
Overnight	11.50%
3 months	13.50%

Term	Rate
Overnight	11.50%
3 months	13.50%

Term	Rate
Overnight	11.50%
3 months	13.50%

Country	Rate
USA	11.50%
Germany	11.50%

Term	Rate
Overnight	11.50%
3 months	13.50%

Term	Rate
Overnight	11.50%
3 months	13.50%

Term	Rate
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3 months	13.50%

AMSTERDAM — Call money fell from 7 1/4 per cent to 7 3/8 per cent and one, three and six-month money rates all eased to 7 1/4 per cent from a previous common level of 7 7/8 per cent.

HONG KONG — Conditions in the money market were initially tight, but eased during the afternoon. Call money was quoted at 10 1/4 per cent, the same as overnight money.

NEW YORK — Fed funds were trading at 10 1/4 per cent after the authorities had reduced market liquidity by arranging two-day repurchase agreements. Treasury bills were quoted at 8 3/4 per cent for 13-week, 8 5/8 per cent for 26-week and 8 3/4 per cent for one-year.

PARIS — Money market rates were unchanged throughout from 8 1/4 per cent for call money through to 7 1/4 per cent for 12-month money.

FRANKFURT — Interbank money rates continued to show little change from Monday, with call money at 5 3/4 per cent, one-month money at 5 1/2-5 3/4 per cent, three and six-month money at 5 1/2-5 3/4 per cent and one-year money at 5 1/2-5 3/4 per cent.

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Refuge Assurance

STATEMENT BY THE CHAIRMAN, MR. P.W.D. SMITH.

To be presented at the Annual General Meeting to be held on 3rd May 1979.

At the end of my statement a year ago, I expressed the hope that a good year in 1977 would be followed by an even better year in 1978. The accompanying Accounts summarise the results of a year which that hope was fulfilled. In each of the three Branches, the increase in premium income compared with the previous year was more than sufficient to offset the fall in the value of the £ as measured by the corresponding increase in the Retail Price Index.

The Motor Account produced an underwriting loss of £179,000 compared with a profit of £50,000 in 1977. Much of the loss was attributable to motor cycle business and further rate increases are being applied from 1st April, whilst car rates will be held at present levels until 1st June 1979.

The total underwriting loss for the year of £231,000 compares with one of £218,000 for 1977. However, after an increase in investment income and a lower tax charge the net surplus for the year from Fire and Accident business is very little changed, and the sum transferred to Profit and Loss Account remains at £50,000.

The E.E.C. rules for solvency requirements for companies transacting fire and accident insurance business were brought into force during 1978. Whilst these increased the free reserves which we must hold, there has been no problem in complying with the new regulations, and our situation remains satisfactory.

The total amount transferred to the Profit and Loss Account is £1,975,000, an increase of £250,000 over the previous year. The final net dividend (subject to Treasury consent) is 6.2p per share, making a total for the year of 9.2p per share, an increase of 13.6%. The balance of profit carried forward has been increased by £162,000.

Our grateful thanks and congratulations go to all members of the Management and Staff for the progress made during 1978 and the hard work by which it was achieved. However, it would be foolish and misleading not to acknowledge the extent to which the fall in the value of the £, without breaking Government guidelines and without jeopardising in any way the reasonable expectations of policyholders or shareholders, we could look forward with confidence to a similar situation in 1979 if we could rely on a continuing single figure rate of inflation. Unfortunately, at the time of writing, the outlook for the year as a whole is uncertain.

In spite of its precarious position in Parliament and the imminence of a general election, and in the face of a series of nationwide strikes by various groups of key workers, the Government has continued to insist on its determination not to let inflation soar upwards again. One can only hope that this aim will be achieved by whatever Government may be in power, and that it will not be achieved at the expense of higher unemployment. Government's task should be to create a climate in which employers and Unions can work together to improve productivity without generating excessive rises in pay and prices.

As far as this Company is concerned, 1979 did not start well. Like most other business concerns, we were adversely affected not only by the various strikes but also by the unusually severe weather. There is no reason why we should not recover. We have a strong and able staff, and provided their efforts are not rendered futile by rampant inflation, I am confident that they can make 1979 the best year yet for Refuge.

REFUGE ASSURANCE COMPANY LIMITED

Chief Office (and Registered Office) Oxford Street, Manchester M60 7HA

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INTERNATIONAL COMPANIES and FINANCE

Companies and Markets

AMERICAN NEWS

Decision day for Woolworth board

BY JOHN WYLES IN NEW YORK

BRASCAN'S proposed \$1.125bn cash tender offer for F. W. Woolworth faces a crucial battle today when the directors of the retailing giant are due to decide their attitude to the bid.

request at least until today's meeting is concluded, but last Friday's price was the highest since 1977. However, it was still only a multiple of 5.9 times the company's 1978 earnings, and with this history of relative price weakness, some stockholders are bound to be attracted by Brascan's offer, which is only a dollar or so under Woolworth's book value.

battle. No less seasoned is the rival firm of Watchall, Lipton, Rosen and Katz, which has been retained by Lehman Brothers Kuhn Loeb, dealer managers for Brascan's offer.

Boom in shares on Mexico's exchange

By William Chislett in Mexico City

INVESTORS ARE flocking to the Mexican Stock Exchange (Bolsa Mexicana de Valores) with the same fervour with which fortune-seekers followed the California gold rush.

EUROBONDS

Rise in London Interbank rate hits dollar sector

BY FRANCIS GILES

PRICES OF dollar denominated bonds eased across the board yesterday by between 1/4 of a point. Apart from the weakness of the New York bond market on Monday, the other bullish factor at work was the increase in the six month London interbank rate from 10 1/4 per cent on Monday to 10 1/2 per cent yesterday.

quoted at 99 1/2. This is a far better performance than most recent public issues but then the terms offered to investors are more attractive.

Mitsubishi Electric which includes a coupon of 3/4 per cent and a maturity of five years on 11 months.

Weston bows out of battle for THE BAY

By Jim Rusk in Toronto

GEORGE WESTON has conceded defeat to the Thomson family in the first bidding war for control of Hudson's Bay Company. The concession was made in a brief statement that said that Weston is not formally withdrawing his offer for the Bay but has decided not to increase its bid.

Celanese sells polyester division

NEW YORK — American Hoechst Corporation, a subsidiary of Hoechst of West Germany, has agreed in principle to buy the fixed assets of Celanese Corporation's polyester film division for about \$75m and certain current assets for an undisclosed sum.

which time American Hoechst will pay Celanese \$60m cash, with the remainder to be paid over a five-year period.

ness is consistent with its diversification plans. The proposed agreement provides that American Hoechst will supply Celanese with polyester resin for soft drink bottles for up to five years. In addition, production capacity for Petpac resin will be built by Celanese at the Fiber Industries plant at Palmetto, Darlington, S.C. It is also planned that the Celgard microporous film product line will be continued at its Summit N.J. location.

RESULTS IN BRIEF Improvement for Mellon

BY OUR NEW YORK STAFF

MELLON National Bank of Pittsburgh, the first major bank to report for the first quarter of 1979, said its income before securities transactions had risen 23 per cent to \$24.2m from \$19.7m in the same period last year. This was equivalent to a rise from \$1.01 to \$1.23 per share.

Earnings boost for Whirlpool

NEW YORK — Whirlpool Corporation, the major manufacturer of refrigerators and other household appliances, managed to get earnings moving up again in the first quarter of the current year. Net earnings of \$28.5m showed a gain of 5 per cent, and sales of \$509.8m showed a similar advance. Per share earnings of 73 cents compared with 70 cents last year.

Declining unit and dollar sales cut into earnings last year, when the year-end earnings total was down 18 per cent to \$89.6m.

Scheme to improve marketability of CDs

BY DAVID LASCELLES IN NEW YORK

REFLECTING growing competition among banks for funds—particularly from abroad—the major New York rating agency, Moody's, has announced plans to raise large denomination Certificates of Deposit so as to increase their marketability.

maturing in less than nine months. This would cover a large proportion of total CD issues.

Sharon Steel backs down over UV plan

By Orr New York Staff

SHARON STEEL, headed by Mr. Victor Posner, has backed down in its struggle for control of UV Industries, the manufacturing concern whose liquidation plan it contested bitterly last month.

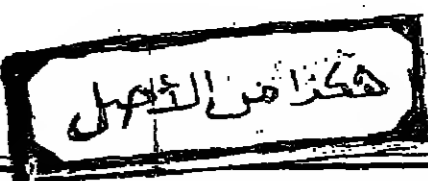
FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Table with columns for U.S. DOLLAR, DEUTSCHE MARK, SWISS FRANC, and CONVERTIBLE BONDS. Includes bond names, amounts, and prices.

BANQUE EXTERIEURE D'ALGERIE ALGIERS, ALGERIA US\$150,000,000 TERM CREDIT FACILITY. MANAGED BY CHASE MERCHANT BANKING GROUP, CANADIAN IMPERIAL BANK OF COMMERCE, etc.

Vertical text on the right edge of the page, including 'Nobel' and 'Bank of T'.



KemaNobel expects return to growth

By Victor Kayetz in Stockholm

KEMANOBE, the Swedish chemicals group, forecasts in its annual report that 1979 operating profits will exceed 1978's SKr 134m (\$30.5m) despite continued uncertainty about supplies of oil and other petrochemical raw materials.

The KemaNord group of divisions, which last year showed SKr 68m in operating earnings on a turnover of SKr \$24m, are expected to experience a continuing improvement in volume and prices during 1979 and thereby restore the group's earlier good profitability.

But development in Iran would substantially increase its raw material and finished goods prices and make greater flexibility in planning necessary.

The Nitro Nobel companies, which make explosives and had 1978 operating earnings of SKr 35m on sales of SKr 55m, were adversely affected last year by events in Iran and shutdowns of certain units elsewhere.

These units are expected to show improvements in earnings during 1979. Remaining operations are expected to show a favourable trend.

The report also predicts improved earnings for pest control chemicals and consumer products.

KemaNobel said its capital expenditures on plants abroad are dominated by the chlorine factory being built in Canada by the subsidiary QueNord and due to come on stream this autumn.

As reported earlier, pre-tax profit in 1978 was SKr 112.5m (\$25.9m), down 7 per cent from the year before. The board proposes a dividend of SKr 5.5 a share, against a comparable dividend for 1977 of SKr 4.17 after adjustment for last year's bonus issue and stock split.

Sibner in Peking

SWISS-BASED international trading company Sibner Hegner has received permission from the Chinese authorities to re-install a permanent office in Peking, says John Wicks from Zurich.

John Wicks from Zurich, a specialist in Far East trade, had operated branches in Shanghai, Peking and Tientsin until 1961. The company is to be re-established in Peking.

Swiss financier acquires non-ferrous group

BY OUR ZURICH CORRESPONDENT

LONDON-BASED Swiss financier Werner K. Rey has acquired the capital of Schweizerische Metallwerke Selve AG, a leading Swiss producer of non-ferrous semi-products. The purchase is of voting share capital worth a nominal SwFr 15m with participation certificates without voting rights worth a nominal SwFr 8m remaining in the possession of the Selve family.

Mr Rey was the centre of a major controversy in Switzerland in 1977, when he attained control of the Bally shoe concern and subsequently sold it to the Oerlikon-Buehler group. The announcement of the Selve transaction, which is linked to the grant of a long-term bond loan worth SwFr 10m to the company, immediately resulted in the resignation of the non-

Role of French big banks criticised

BY DAVID WHITE IN PARIS

THE STRUCTURE and workings of France's State-dominated banking system, especially as regards financing for small companies, are strongly criticised in a report commissioned by M. Raymond Barre, the Prime Minister, and due to be presented later this week.

The report, which calls for decentralisation, greater competition, better credit terms and an end to Government curbs on the extent to which banks may increase their loan volume, may form the basis of official banking reform proposals expected to be drawn up about November.

M. Rene Monory, Economy Minister, confirmed yesterday that the Government, which late last year agreed on a new charter for the mutual farmers' bank, Credit Agricole, planned to undertake other reforms in the banking structure.

The report, prepared by M. Jacques Mayoux, former director-general of Credit Agricole and recently installed as head of the Saclor-Sollac steel group, in which the Government and State-owned banks hold the controlling stake, copies the West German model, especially in its recommendations for independently-managed regional banks.

In particular the report calls

This would mean changing the provincial operations of the three big State-owned commercial banks—Banque Nationale de Paris, Credit Lyonnais and Societe Generale—into stronger local units which would take much of the decision-making away from Paris.

According to leaked versions of the report, it also calls for more competitive conditions among banks, which would mean opening up areas such as lending to local government organisations which have been the reserved territory of certain banks.

In particular the report calls

for an end to the system of credit growth ceilings which has been in force in France since January, 1973, and which has come under constant attack from the banking community.

It argues that the system favours the State-owned banks, which can expand their operations in lending activities outside the terms of the restrictions, notably export credits and foreign currency loans, while smaller banks are forced to stagnate.

The report is understood to propose instead a system of fixed ratios between banks' capital and their lending activities.

Higher interest rates worry BHF-Bank

By Andrew Fisher

BHF-BANK, the Berliner Handels und Frankfurter Bank, is optimistic about the outlook for 1979, even though it does not expect similar growth rates to those of last year.

Liquidity has tightened recently and interest rates have moved higher, and the special conditions applying in the last accounting period will not be repeated, Dr. Hans Christian Schroeder-Hohenwarth, one of the general partners, said.

Last year, the bank raised its operating profits, for which no figures are given, by 25 per cent with the inclusion of trading on its own account. Excluding such business, the improvement was only 3.3 per cent.

At the parent bank net profit level, there was a 5.8 per cent improvement to DM 25.7m (\$13.5m) and the bank is again proposing a DM 9 dividend per DM 50 share. At the May annual meeting, shareholders will be asked to approve the issue by BHF-Bank International of Luxembourg of a convertible or option bond of up to DM 60m, with the timing to be decided later.

In the final months of last year, said Dr. Schroeder-Hohenwarth, credit demand picked up sharply, leaving final 1978 loan volume 23.4 million higher at DM 2.88m. The balance sheet total was nearly 12 per cent higher at the end of last year at DM 7.85m, while business volume attained 15.8 per cent to DM 10.3m.

The bank managed to keep its interest rate margins steady in the first two months of this year, while overall costs eased. If this trend continued, operating profits would be "respectable" in spite of the tightness in rates, he added.

BHF's surplus of interest rate earnings over costs improved by 12.3 per cent in 1978 to DM 135.5m, and the level remained favourable in the early part of 1979, he said.

Net profits of the full group expanded from DM 26.34m to DM 42.06m, with the group balance sheet up from DM 16.95bn to DM 17.68bn. In New York, the bank formed BHF Securities Corporation last year. It also opened a representative office in London.

The bank described progress in New York, where it also has a full branch, as encouraging.

Alusuisse sees a better year

BY JOHN WICKS IN ZURICH

BUSINESS THIS year should be better or at least not as bad as in 1978, reports Alusuisse, the major Swiss company which ranks as one of the largest producers of aluminium in the world.

The company looks forward to an increase of between two and three per cent in world demand for aluminium in 1979, and expresses the hope that last year's exchange rate instability will not be repeated. In 1978, group profits after tax fell by 38 per cent to SwFr 94.1m.

Despite the expected upturn in demand for aluminium, Alusuisse will continue to stress its other activities, says Emmanuel Meyer, chairman of the Zurich-based parent company. No major new investments are foreseen in the field of aluminium production, although the group might take up further "visiting-card" participations of some five per cent in new projects in individual cases.

In the aluminium processing sector "there will be an improvement" of capacity levels. The chemical industry will remain an important target for Alusuisse growth. Of the sum of about SwFr 300m to be spent on investments in 1979, something like SwFr 100m will go to the chemical sector. Among financial investments here, Alusuisse recently acquired the U.S. company Bio-Lab, a manufacturer of chemicals for use in swimming pools, and has now announced the purchase of the Italian company Distillerie Italiane, a producer of plasticisers and other chemicals.

The two acquired companies have a turnover of \$32m to \$35m and SwFr 40m respectively, and were bought for sums of \$15m and SwFr 8m (\$4.65m).

The group continues to develop other non-aluminium operations, especially in the field of mining and civil engineering. It is seeking acquisitions particularly in the U.S. mining industry, in such sectors as non-ferrous metals and coal mining, although no talks have to date shown the necessary willingness, says Herr Meyer.

Geographically, Alusuisse continues to be particularly keen to expand its position in North America, eventually hoping for a 50 per cent U.S. share in investments. Already, some 22 per cent of group fixed assets are located in the U.S.

Last year growth was centred particularly on companies belonging to the Lonza chemical division there, with the opening of an organic intermediates plant at Bayport, Texas and a unit for the production of soft foams at Mapleton, Illinois. This year a rigid-foam facility has been added, while at Bayport work has begun on construction of a nicotinic acid plant.

In all, U.S. sales of SwFr 1.47bn accounted for some 30 per cent of Alusuisse group turnover in 1978, despite the sharp decline of the dollar in terms of Swiss francs. The aluminium sector still makes up most of the group sales figure, although its relative importance is considerably less than a few years ago. In 1978, turnover in raw aluminium (including allied electrical energy) dropped from SwFr 1bn to SwFr \$30.5m and that in processed aluminium from SwFr 2.7bn to SwFr 2.44 bn, or about one-half of overall sales.

Turnover of the chemical (including electrical energy) sector was down last year to SwFr 960.3m from SwFr 868.7m and that in bauxite alumina and electrodes from SwFr 534.9m to SwFr 502.4m.

Sales of other products and services, however, reached a record level of SwFr 299.2m, a substantial rise over the SwFr 215.2m figure for 1977.

Euroc forecasts upturn

By Our Stockholm Correspondent

EuroC, the Swedish building materials and industrial group, expects that, despite a sluggish trend in construction investments, its current marketing efforts would yield an increased volume as well as a higher operating profit for 1979 than the SKr 256m (\$59m) recorded last year on a turnover of SKr 2.9bn (\$659m).

The group also said in its annual report that the beginning of operations this year at the big new Silte cement factory on the Swedish Baltic island of Gotland would cause Euroc's cement production costs to drop during late 1979.

The Silte project has required extensive large investments and pulled down earnings during 1978, accounting for SKr 38m out of the total SKr 149m in depreciation charges and SKr \$1m out of net interest costs of SKr 113m. In 1977, depreciation was SKr 123m and net interest SKr 78m. Last year's pre-tax profit before extraordinary items was thus only SKr 62m, against SKr 49m in 1977.

Due largely to the sale of land and harbor facilities at Lahhamn, in south-west Sweden, near the group's head office, net extraordinary income reached SKr 11m, against SKr 5m the year before. This left earnings at SKr 62m in 1978, down from SKr 69m. The board recommends raising the dividend by SKr 1 to SKr 7.

Wessanen to expand in U.S.

BY CHARLES SATCHELOR IN AMSTERDAM

WESSANEN, THE Dutch foodstuffs group, plans to use the Marigold Foods Group of Minneapolis as the basis for further expansion in the U.S. Marigold, which was bought for \$20m, in September will consider further acquisitions in the food sector, Wessanen said in its annual report.

The criteria set down for the purchase of Marigold were: a maximum investment of \$20m, sales of \$100m, average historical annual growth of 10 per cent which can be expected to continue, the ability to function semi-autonomously in the Wessanen group and "good quality" management.

Wessanen has given high priority to exports and to expansion abroad in view of sluggish growth in Holland. Efficient functioning of the EEC is of

great importance to Wessanen but the Community "has not come up to expectations." The company sees the development of new products as one answer to sluggish demand and it set the basis in 1978, for more intensive research into new developments, mainly in new food areas.

The Board said it was "satisfactorily confident" of prospects for the current year and it did not exclude a further improvement in results, barring unforeseen circumstances. The company is very dependent on EEC decisions however, it noted. It earlier announced a 10 per cent rise in net profit to Fl 13.3m (\$3.1m) on sales 11 per cent up at Fl 2.46bn (\$1.23bn).

TRADING IN the shares of the Dutch agricultural and com-

modities processing group, HVA, have reopened on the Amsterdam Stock Exchange following last Friday's suspension because of a sharp price rise. After rising Fl 1 in official trading on Thursday to close at Fl 40.10, the shares formed a further Fl 8 in unofficial early trading on Friday. They closed yesterday at Fl 45.

HVA expressed surprise at the price movement and could give no reason for it. About two-thirds of HVA's assets were frozen when its operations in Ethiopia were nationalised four years ago. Talks on a link with the Adriaan Volker dredging group recently came to nothing, and the company was reported to be discussing the sale of some of its activities to the UK commodity group, Czarnikow.

Babcock Spain makes progress on recovery

BY ROBERT GRAHAM IN MADRID

SPAIN'S AILING capital goods company Babcock and Wilcox Espanola has moved a step further towards recovery. The court order permitting the company to suspend all outstanding payments, which had been in effect since February, 1978, has been removed.

Suspension of payments is a peculiarly Spanish device whereby a company applies for a debt moratorium. The difference between this and a bankruptcy petition is that the debt moratorium is granted on the basis of the company's net assets being greater than its total debts.

In the case of Babcock, total debts were Pta 15.9bn (\$231.6m) but in order to avoid what was technical bankruptcy the company had to increase the net book value of its assets.

Since November, a rescue plan has been in operation. This involves a write down of capital from Pta 995m to Pta 272m and then a new Pta 2.45bn capital increase being floated, bringing in new shareholders, mainly companies associated with the state holding company, INT. British Babcock's 10 per cent stake has fallen to 1 per cent after waiving rights to the new increase.

Meanwhile creditors have accepted, grudgingly, a 30 per cent write-off against repayment of the rest within 10 years. The Government itself is pumping in some Pta 2bn in soft credits.

Sharp advance for Swedish engineer

By Our Stockholm Staff

AGA, the Swedish gas, heat engineering and welding group, said in its final communique on 1978 accounts that pre-tax profit amounted to SKr 243m (\$56m), up 32 per cent from SKr 184m in 1977. It predicted 1979 earnings of about SKr 270m, since costs are expected to increase more slowly and because the resulting improvement in margins will probably outweigh a projected rise in net financial costs due to continued heavy investments.

The final sales figure for 1978 was SKr 3.6m (\$834m) compared with SKr 2.4bn the year before. Excluding the newly acquired subsidiaries AGA Buxdax and Frigoscandia, sales rose by 14 per cent. The group forecasts a turnover of about SKr 4.1bn in 1979.

Meanwhile creditors have accepted, grudgingly, a 30 per cent write-off against repayment of the rest within 10 years. The Government itself is pumping in some Pta 2bn in soft credits.

Chargeurs et Pricel hold merger talks

TWO FRENCH holding companies could merge if the outcome of talks is successful. The companies are Chargeurs et Pricel.

Chargeurs Reunis, which exports some 75 per cent of its production, has a labour force of 700 and plants in Thun and Detmold. The company, whose 1977 turnover was SwFr 145m, had been in difficulties, and for the past financial period of 18 months had experienced a negative cash-flow of SwFr 1m. Measures were in hand to bring Selve out of the loss zone. It is stated.

The chairmanship of the company is to be taken over by Mr. Rey himself, while management remains in the same hands as at present. Mr. Rey has stated that he intends to retain control of the company on a long-term basis and continue operations of its plants.

The brief announcement of the talks, under the auspices of Lazard Freres et Cie which has a 20 per cent stake in Chargeurs, follows Bourne rumours that Pricel was planning a takeover bid.

AP-DJ

Flaekt to halt decline

BY OUR STOCKHOLM CORRESPONDENT

SVENSKA FLAECT, the Swedish industrial ventilation and pollution control group, said in its 1978 annual report that "it appears possible in 1979 to interrupt the decline in earnings." Pre-tax profit last year was SKr 78.2m (\$17.9m) which was lower than expected in the half-year report, and far below the SKr 135.4m recorded in 1977.

The Board proposes an unchanged dividend of SKr 5.75 per share. Sales rose by 13.6 per cent to SKr 3.14bn (\$720m) with the proportion represented by markets outside Sweden rising by 1 per cent to 79 per cent.

to SKr 3.5bn, but orders to Flaekt's foreign subsidiaries were up 22 per cent.

Flaekt attributed the drop in earnings to lower profits by the Swedish parent company and by the Finnish company. Equipment operations in Sweden are being reorganised into a single company, Flaekt Evaporator, effective from May 1 this year.

The Gadellus Trading Company in which Flaekt has a 70 per cent interest—with its main operations in the Far East, moved into the black last year. Pre-tax profit after extraordinary items was about SKr 12m, against a 1977 loss of SKr 16m. Gadellus has formed its own company in South Korea.

Higher profit for Genoa engineer

Italmimpianti, the Genoa-based engineering subsidiary of the Italian state steel holding Finisider, reported yesterday a profit of L7.5bn (\$8.9m) and a turnover of L534bn last year, writes Paul Bettis from Rome.

The company proposes to return a dividend of L100 per share in 1977. Italmimpianti reported profits of L7bn.

Sydkraft issue

Sydkraft AB, Sweden's largest private power company, is floating a SKr 100m adjustable 10 per cent corporate bond at par. Reuter reports from Stockholm. Maturity will be 15 years.

Meanwhile, the National Debt Office reports that the outstanding amount of interest bearing Government bonds reached SKr 83.54bn at the end of March, against SKr 75.60bn at the end of December, 1978. Last month's 9.75 per cent Government bond on a coupon of 10 per cent has brought in over SKr 6.47bn, whereas an eight year sliding rate issue yielding 9.3 per cent on average has so far raised SKr 1.19bn.

New Warburg bank

S. G. Warburg, the London merchant bank, is opening a bank in Luxembourg in conjunction with Bank Leu, one of Switzerland's big five banks, writes Michael Laferty. The third partner, which also has a one-third share, is Effectenbank-Warburg of Frankfurt, the German affiliate of Warburgs. The new bank will operate under the name Societe des Banques S. G. Warburg et Leu.

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MANAGED BY

Société Générale Midland Bank Limited

FUNDS PROVIDED BY

Banque Nationale de Paris Crédit Lyonnais Union Méditerranéenne de Banques Société Générale Chemical Bank Barclays Bank S.A. Paris Banques Commerciale pour l'Europe du Nord (Eurobank) Loyds Bank International (France) Limited Société Lyonnaise

Banque de Paris et des Pays Bas Banque Intercontinentale Arabe The Chase Manhattan Bank, N.A. Midland Bank Limited Banque Arabe et Internationale d'Investissement (B.A.I.) Banco di Roma International S.A. Luxembourg Société Française de Commerce Finance Company NV - S.F.E. Group -

MANAGED BY

The Arab Investment Co. S.A.A. (Riyadh) Commercial Bank of Kuwait Landesbank Rheinland Pfalz und Saar Intl The Arab and Morgan Grenfell Finance Company Limited Bank of Scotland Girozentrale und Bank der Österreichischen Sparkassen Aktiengesellschaft International Energy Bank Limited The Mitsubishi Bank Limited The Tokai Bank, Limited

CO-MANAGED BY

Singapore Nomura Merchant Banking Ltd

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The Arab Investment Co. S.A.A. Landesbank Rheinland Pfalz und Saar Intl Girozentrale und Bank der Österreichischen Sparkassen Aktiengesellschaft The Tokai Bank, Limited The Nippon Credit Bank, Ltd The Fuji Bank Limited Commercial Bank of Kuwait Arab Bank Limited Bank of Scotland International Energy Bank Limited The Mitsubishi Bank Limited Singapore Nomura Merchant Banking Ltd

CO-OPERATED BY

Chase Manhattan Limited

AGENT

The Chase Manhattan Bank, N.A.

INTERNATIONAL COMPANIES and FINANCE

This announcement appears as a matter of record only.

EXPLORACION MINERA INTERNACIONAL ESPAÑA S.A. ("EXMINESA")
US\$40,000,000
6 Year Project Loan

Guaranteed by:
Cominco Ltd. **Asturiana de Zinc S.A.**
Union Corporation Limited **Banco Urquijo S.A.**

Managed by: **Banco Urquijo S.A.**

Provided by:
RBC Finance B.V. **Banco Urquijo S.A.**
Banco Español de Credito S.A. **Orion Banking Group.**

Agent:
The Royal Bank of Canada

March, 1979

U.S. \$35,000,000
Texas International Airlines Capital N.V.
Guaranteed Floating Rate Notes Due 1986

Texas International Airlines, Inc.

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the initial three month period from 11th April, 1979 to 10th July, 1979 has been fixed at 11.25 per annum. The first interest payment date will be 11th July, 1979. Payment of the first interest payment, which will amount to U.S. \$284.38 per Note, will be made only through EURO-CLEAR in accordance with and subject to the provisions of the Notes.

J. Henry Schroder Wagg & Co. Limited
 Reference Agent

PAN HOLDING S.A.
Luxembourg

As of March 31st, 1979, the unconsolidated net asset value was US\$97,743,812.98, i.e. US\$139.63 per share of US\$10 par value.

The consolidated net asset value per share amounted, as of March 31st, 1979, to US\$157.34.

BRAZILIAN INVESTMENTS S.A.

Net Asset Value as of 30th March, 1979
US\$102.61
 Per Depositary Share (Second Series)
US\$97.55
 Listed The London Stock Exchange

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY.

£85,000,000
7 YEAR UNSECURED LOAN



BL Limited

BLMC LIMITED
AS BORROWER

PROVIDED BY

CITIBANK, N.A.
CHEMICAL BANK
BANK OF AMERICA NT & SA
THE BANK OF NEW YORK
THE BANK OF NOVA SCOTIA

STANDARD CHARTERED BANK LIMITED

GRINDLAYS BANK LIMITED

CITIBANK, N.A.

AGENT

ADVISORS TO BL
HILL SAMUEL & CO LIMITED

MARCH 1979

مكتبة التاجيل

Companies and Markets

Upturn at New York Post-aids News Ltd.

By James Forth in Sydney

A SHARP jump in earnings from operations enabled the Australian-based media and publishing group, News Limited, to boost the group profit by 42 per cent from A\$10.6m to A\$15.1m (U.S.\$17m) in the December half-year. The result included the equity shares of profits in associate companies, which jumped from A\$4.25m to A\$8.34m.

Gross revenue rose by 8.3 per cent from A\$102m to A\$109m (U.S.\$11.2m). The directors said that the results were pleasing and reflected the improvement in the company's interests in the UK and the U.S.

The adverse trading at the New York Post now showed a considerable improvement and other U.S. divisions had traded profitably. In the full 1977-78 year group profit dipped 4 per cent to A\$13.4m, largely because of U.S. losses. A 50-day strike at the New York Post was a factor.

All major divisions in the UK showed improved results, but it was seen as disappointing that 80m copies of newspapers were lost through industrial stoppages.

The directors said that trading by the Australian divisions reflected the cautious improvement in the economy, but they warned that any upsurge in costs could have a depressing effect.

George Weston Foods lifts payout

By Our Sydney Correspondent

GEORGE WESTON FOODS, the flour, bakery and biscuit group, has raised its annual payout from 7.5 cents a share to 8 cents, after a 12.8 per cent boost in profit, from A\$9.3m to A\$10.5m (US\$11.8m) in the year to January 31. The dividend will be paid on capital increased by a one-for-eight free scrip issue.

Adjusted for the issue the earnings per share rose from 19.2 cents to 21.9 cents a share. Much of the profit growth was derived in the second-half, when earnings increased 15.7 per cent, from A\$5m to A\$5.8m, compared with a 9.3 per cent growth to A\$4.6m in the first six months.

The profit was achieved on a 10.8 per cent improvement in sales, from A\$280m to A\$310m (US\$348m).

The UK group, Associated British Foods holds a controlling interest in George Weston Foods.

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Property interests boost Hutchison Whampoa

BY ANTHONY ROWLEY IN HONG KONG

HUTCHISON WHAMPOA, the diversified transport, industrial and property group, has announced net profits of HK\$230.9m (US\$46m) for the year to December 31—an increase of 26 per cent over 1977. The group, in addition, made extraordinary profits of HK\$68.7m last year, "largely reflecting the group's expanding interests in property development," it was said. This gives an attributable profit of HK\$299.6m.

But Hutchison also announced that exceptional items amounting to HK\$41m relating to "provisions for losses in construction subsidiaries" had been charged in arriving at last year's profit figure. These were not identified but almost certainly reflect further losses at Far East Engineering and Construction Company, in which Hutchison Whampoa has an interest through its 57 per cent-owned subsidiary, Hutchison-Boag.

A final dividend of 14 cents a share is being recommended, against 12 cents in 1977, to make a total for the year of 23 cents, against 20 cents last year.

Mr. A. G. Hutchison, the chairman of Hutchison Whampoa, has announced his intention of standing down as chairman of the company following his retirement from executive responsibilities in the Hong-kong and Whampoa Dock Company last September. He will remain on the Board of Hutchison Whampoa as a non-executive director.

It is proposed that Mr. W. R. A. Wyllie be elected chairman. The annual meeting is to be held on June 1.

JAPANESE NATIONAL BONDS

Underwriters block issue

BY RICHARD C. HANSON IN TOKYO

THE JAPANESE Ministry of Finance (MOF) has been forced to suspend for the month of April an issue of long-term national bonds needed to fund its budget—as the private underwriting group has refused to accept the terms proposed by the Government.

The cutting-off of ten-year bond issues this month—the first such break since issues began in 1965—came as the Government appeared to be embroiled in a heated debate over whether to tighten credit by raising the official discount rate—a move which would help the bond market.

The inability to float the long-term bonds makes an early decision on raising the return on the bonds imperative. The yield has been increased recently, with an issue last month carrying a coupon of 6.5 per cent against 6.1 per cent on the previous issue. But the secondary market yields on national bonds last week soared to about 8.2-8.3 per cent, leaving prices below 90 per cent of par.

If the Bank of Japan can win agreement within the Government for an early increase in the discount rate, the bond terms can also be improved from the May issue. If not, banks will probably again decline in May to underwrite the float—in the expectation of higher rates eventually.

The Ministry of Finance surprised the underwriters with the decision to suspend the bond sales completely. Up to the weekend, most had expected the Ministry to continue sales but in much lower volume. The original plan for April called for about ¥1,000bn (¥4.7bn) in long-term bonds. The Government has yet to float a portion of bonds allocated to the last fiscal year, which ended March 31, and had planned to float about ¥600bn to cover that shortfall during the April-June period.

The seriousness of the situation in which the MOF finds itself is underlined by the scale of its financing needs this year. In order to fund a record 39 per cent of the Budget, the Government will have to float over ¥15,000bn in national bonds. About ¥11,000bn of this amount is to be marketed in the form of ten-year bonds.

The Government may think of switching more heavily into issues of short- and medium-term bonds — which are more attractive to investors — to make up for the troubles in the long-term market. Market conditions for the medium-term issues, however, have also deteriorated sharply over the past three weeks.

There are some Government ministries (notably the Ministry of International Trade and Industry) which are against a credit tightening because of the deflationary impact it may have on the economy.

Genting profit cut by Pioneer tax move

BY WONG SULONG IN KUALA LUMPUR

GENTING BERHAD, the Malaysian casino and hotel operator, raised its pre-tax profit by 60 per cent, last year, from 27.5m ringgit to 44.3m ringgit (U.S.\$20m). But as the group has to pay the full year's tax after the expiry of its Pioneer Status, the after-tax profit is down to 22m ringgit, from 23.4m ringgit the year before, when the full tax burden was not imposed.

The group's new 600-room hotel, with its enlarged casino in the Genting Highlands, 30 miles from Kuala Lumpur, opened for business during the year and contributed to better revenue turnover.

A final dividend of 7.5 per cent is declared, bringing the total dividend for the year to 12.5 per cent. The rate is the same as the previous year's, although the current dividend is subject to income tax.

Genting Berhad shares have risen steadily on the Kuala Lumpur exchange for much of the past year, and closed yesterday, at 3.47 ringgit, or 1.00 ringgit higher than a year ago, giving it a price-earnings ratio of 17 and a gross yield of 3.3 per cent.

Two plantation groups have better second half

BY WONG SULONG

TWO LARGE Malaysian plantation groups, Highlands and Lowlands, and United Plantations, the half-year results of which were badly affected by the drought—made up a good deal of ground during the second-half of last year.

But, for the full year, Highlands and Lowlands, the fifth biggest plantation group here, reported a pre-tax profit of 46.18m ringgits (US\$21m), which was 6.5 per cent lower than in 1977.

For United Plantations, on the other hand, the operating pre-tax profit for last year was 26.93m ringgits (US\$12.2m), marginally higher than the year before. Its after-tax profits were 16.32m ringgits, but the final net profit attributable to shareholders was boosted to 27.6m ringgits, mainly as a result of a surplus of 11m ringgits from the revaluation of bonus shares issued by an associate company.

At the half-year stage, profits of Highlands and Lowlands fell by 28.5 per cent to 16.8m ringgits, as a result of a fall in production, particularly from its palm oil estates.

The fall was even more severe in the case of United Plantations, which is largely a palm oil group. Its half-year profits dropped by 43 per cent from 15m ringgits to 8.9m ringgits.

Highlands and Lowlands is making a final dividend of 30 per cent, bringing the total dividend to 50 per cent—the same as in the previous year.

United Plantations intends to pay a final dividend of 20 per cent, bringing the total payout to 25 per cent on a capital of 71.5m ringgits, compared with 17.5 per cent on capital of 65m ringgits.

It is also making a one-for-four scrip issue, to capitalise 17.88m ringgits from reserves. The authorised capital is to be increased from 100m ringgits to 200m ringgits.

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Japanese bankruptcies

TOKYO — Japan's corporate bankruptcies in March totalled 1,397, up 28.1 per cent from the 1,084 cases in February, but down 31.9 per cent from the 1,517 cases in March 1978. Tokyo Shoko Research, a private corporate credit investigation agency, said here.

Liabilities left by bankrupt firms in the month amounted to ¥150.86bn (¥700m), down 30.2 per cent from the previous month's ¥215.86bn, and down 38.2 per cent from the ¥243.68bn a year earlier.

Stanbic to raise dividend cover

By Jim Jones in Johannesburg

STANDARD BANK Investor Corporation (Stanbic), the 99 per cent-owned South Africa banking arm of Standard Chartered of the UK, is planning to increase its reliance on its own sources to support growth over the next five years. From attributable earnings of R29.5m in the nine months to December 31, equivalent to 51 cents per ordinary share, Stanbic has declared a twice covered 24 cents in dividend.

Mr. Ian Mackenzie, the chairman, says in his statement for the period that in view of the legally fixed capital ratios for banks and Stanbic's expected future growth, the group plan to increase its dividend cover to reach three times over the next five years.

Mr. Gutch Vickers, the group's financial controller, says, however, that the group's objective is the increasing of dividend payments so as at least to match South Africa rate of inflation.

Overall, Stanbic has declared policy of earning 1 per cent on shareholders' funds, a target which was beaten in the latest nine month reporting period.

In the nine months to end December, shareholders' funds rose from R201m to R233m partly as a result of a R12m rights issue, retained earnings of R15m and the issue of R14m shares to purchase UDC Bank.

No further rights issues are planned at this stage—against the background of the retained earnings policies—though stock exchange conditions are attractive. But on a growing earnings base, further rights issues may be expected. Standard Chartered has to cut its interest to below 50 per cent by the mid-eighties.

U.S. \$20,000,000
 Floating Rate U.S. Dollar Negotiable Certificates of Deposit, due 14th April, 1982

THE YASUDA TRUST & BANKING COMPANY, LIMITED

LONDON



In accordance with the provisions of the Certificates, notice is hereby given that for the initial six month interest period from 11th April, 1979, to 11th October, 1979, the Certificates will carry an interest rate of 10.5 per annum. The relevant interest payment date will be 11th October, 1979.

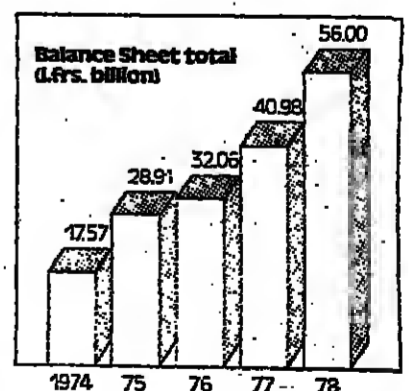
Merrill Lynch International Bank Limited
 Agent Bank

CANADIAN PACIFIC

Copies of the Annual Report may be obtained from the Deputy Secretary, Canadian Pacific Limited, 50 Finsbury Square, London EC2A 1DD.

HYPOBANK INTERNATIONAL S.A.

...continued success in 1978



Highlights of the Balance Sheet for 1978

	(Lfrs. million)
Assets	
Balances with banks	31,507
Advances and Loans	20,555
Securities	3,121
Fixed assets and others	56,005
Liabilities	
Deposits & current accounts	55,345
Others	801
Capital & Reserves	1,657
Net profit	200
Total	56,005

HYPOBANK INTERNATIONAL S.A. has been active in the Eurocurrency market since 1972. In 1978, its seventh year of activity, the Bank continued its favourable development increasing the Balance Sheet total by 37% to Lfrs. 56 billion (US\$ 1,913 billion).

Our position in the Eurocurrency market was further strengthened. The internationally spread loan portfolio also grew and continues to comprise more than half of our business volume. Our activities in securities business and our client service facilities were further expanded.

Following excellent results in previous years, net profit in 1978 increased to Lfrs. 200 million (US\$ 7 million).

Capital was maintained in adequate relation to the growth of the bank. After two capital increases in 1978, Shareholder's Equity, including provisions, amounted to Lfrs. 1,657 billion (US\$ 57 million) at year's end. It was proposed to the Annual General Meeting to distribute the profit of Lfrs. 200 million (US\$ 7 million) by paying a dividend of 12% and allocating Lfrs. 92 million (US\$ 3.14 million) to the free reserves. The shares are held by BAYERISCHE HYPOTHEKEN-UND WECHSEL-BANK, MUNICH.

For your copy of our Annual Report please contact us at:
 37, boulevard du Prince Henri,
 P. O. Box 455, Luxembourg, Tel. 4775-1,
 Telex: 1570.



Renold group chief executive change

Mr. E. Garlick, at present overseas divisional managing director of RENOLD, will succeed Mr. C. A. Perival as group managing director on May 1. Mr. Perival retires from the post on that date but will remain a director.

Sir Mare Cochrane, Mr. D. O. Ewart-James, Mr. J. D. Hambro, Mr. D. G. Lewis and Mr. D. J. Tapper have been appointed directors of HAMBROS BANK.

Mr. Ian Northern has been appointed assistant managing director of CAPITAL AND COUNTRIES PROPERTY COMPANY. Mr. Northern joined the company in 1968 and has been a member of the Board since 1968.

Mr. R. S. Wilkins and Mr. J. S. Darlocher will retire from the partnership of WEDD, DUR-LACHER MORDAUNT AND CO. stock jobbers, on April 20.

By agreement with Chevron Chemical Company-BP CHEMICALS partner in the BPCALL-FORNIA group, Mr. S. H. Barber has relinquished his position as general manager.

Mr. A. J. Pitteville, who has been with the PERKINS ENGINES GROUP for more than 25 years, has been appointed director technical services.

C. T. BOWRING AND CO. has made the following appointments: Mr. R. E. F. Ballantyne, Mr. J. W. S. Macdonald, Mr. D. H. Mead, Mr. R. M. Quill and Mr. J. F. Slade to the Board.

BASS has formed a number of Bass Brewing subsidiaries in England and Wales and appointed the following directors: Bass Brewing (Birmingham), Mr. J. Buswell managing, Bass Brewing (Burton), Mr. R. W. Ricketts managing.

London Clearing Banks' balances as at March 21, 1979

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England.

of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector.

produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control.

TABLE 1. AGGREGATE BALANCES. Table with columns for LIABILITIES and ASSETS, and sub-columns for Total outstanding and Change on month in £m.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES. Table with columns for Barclays, Lloyds, Midland, National Westminster, and Williams & Glyn's, showing Total, Change on month, and Out-standing in £m.

TABLE 3. CREDIT CONTROL INFORMATION (Parent banks only). Table with columns for Eligible liabilities, Reserve assets, and Reserve ratio (%).

Banking figures

(as table 4 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS. Table with columns for 1979 £m and Change on month £m.

Reserve assets. Table with columns for 1979 £m and Change on month £m, including UK banks and Overseas banks.

Constitution of total reserve assets. Table with columns for 1979 £m and Change on month £m, including Balances with Bank of England, Money at call, and Other.

Ratios %. Table with columns for 1979 % and Change on month %, including UK banks, Overseas banks, and Co-ordinated banks.

N.B.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to £190 million.

Special deposits at March 21 were nil (down £249m) for banks and nil (down £4m) for finance houses. Interest-bearing eligible liabilities were £29,891m (up £118m).

GOLDMAN SACHS CAPABILITY: OVER \$28,000,000,000 IN PUBLIC AND PRIVATE FINANCINGS IN 1978.

Last year, Goldman Sachs managed or co-managed 87 public offerings for U.S. and overseas corporations, and for non-U.S. government entities. These financings, shown below, totaled \$7.6 billion. We were also a manager or an agent for \$20.7 billion in other public and private financings.

Total for the year—over \$28 billion, including more than \$3 billion in international transactions. We believe this record provides evidence of Goldman Sachs' capability in helping meet the needs of each client. An uncommon capability in more than 40 financing and investing services.

Grid of financing deals including Ford Motor Credit Company, Walker Kiddle & Company, Inc., ICI North America Inc., Montana-Dakota Utilities Co., Pacific Northwest Bell Telephone Company, Thorn International Finance B.V., Floating Point Systems, Inc., Jersey Central Power & Light Company, TEC, and Tokyo Electric Co. Ltd.

Grid of financing deals including Household Finance Corporation, Georgia Power Company, Republic of Finland, Kingdom of Norway, The Pacific Telephone and Telegraph Company, Consumers Power Company, Ito-Yokado Co., Ltd., Consumers Power Company, The Chesapeake and Potomac Telephone Company, Middle South Utilities, Inc., Southern California Edison Company, Ford Motor Credit Company, U.S. 540,000,000, PHILIP MORRIS, BAKER INTERNATIONAL FINANCE NV, PHILIP MORRIS, BAKER INTERNATIONAL CORPORATION, Southern California Edison Company, Ford Motor Credit Company, U.S. 540,000,000, PHILIP MORRIS, BAKER INTERNATIONAL CORPORATION, Southern California Edison Company, Ford Motor Credit Company, U.S. 540,000,000, PHILIP MORRIS, BAKER INTERNATIONAL CORPORATION.

Advertisement for Goldman Sachs, listing international subsidiaries: London, Tokyo, Zurich.

Advertisement for Goldman Sachs, listing international subsidiaries: London, Tokyo, Zurich.

Companies and Markets

Wall Street slightly ahead at mid-session

INVESTMENT DOLLAR PREMIUM
\$2.60 to \$2.51 (53%)
Effective \$2.020 23 1/2 (23 1/2%)
A SLIGHTLY firmer tendency was evident on Wall Street yesterday morning...

The NYSE All Common Index improved 12 cents to 958.00. While rises narrowly led declining issues by a few points...

NEW YORK

Table of stock prices for various companies in New York, including columns for Stock, Apr. 9, Apr. 10, and Apr. 11.

Canada

After Monday's widespread downturn, stocks moved irregularly in moderate early dealings yesterday. The Toronto Composite Index was just 0.1 firm at 1,467.22...

Tokyo

Of a day of heavy selling pressure, stocks suffered a further widespread retreat on worries that the Bank of Japan might decide this week to raise its official discount rate.

GERMANY

Shares drifted lower in listless trading, affected by Easter holiday influences. The Commerzbank index shed 4.1 more to 780.0.

CANADA

Table of stock prices for various companies in Canada, including columns for Stock, Apr. 9, Apr. 10, and Apr. 11.

Higher metal prices gave an uplift to a number of base metal mining stocks. Western Mining hardened 3 cents more to AS2.41 in active trading...

Paris

Profit-taking after the gains of the previous four sessions caused share prices to generally react yesterday in moderate trading. The Bourser Industrielle Index slipped back 0.8 to 79.5.

Hong Kong

The market turned moderately easier in idle conditions, with Hang Seng index slipping 4.53 to 530.02. Hong Kong Wharf shed 50 cents to HK\$33.50...

Australia

Further selective buying produced a number of bright spots in otherwise quiet markets yesterday. BHP, after Monday's reaction of 15 cents, accentuated renewed demand and rose 45 cents to AS11.90...

GERMANY

Table of stock prices for various companies in Germany, including columns for Stock, Apr. 10, Price, +/-, Div. Yld., and %.

AMSTERDAM

Table of stock prices for various companies in Amsterdam, including columns for Stock, Apr. 10, Price, +/-, Div. Yld., and %.

COPENHAGEN

Table of stock prices for various companies in Copenhagen, including columns for Stock, Apr. 10, Price, +/-, Div. Yld., and %.

VIENNA

Table of stock prices for various companies in Vienna, including columns for Stock, Apr. 10, Price, +/-, Div. Yld., and %.

Indices

NEW YORK - DOW JONES

Table of Dow Jones indices for New York, including columns for Index, Apr. 9, Apr. 10, Apr. 11, High, Low, and %.

STANDARD AND POORS

Table of Standard and Poors indices, including columns for Index, Apr. 9, Apr. 10, Apr. 11, High, Low, and %.

R.Y.S.E. ALL COMMON

Table of R.Y.S.E. All Common indices, including columns for Index, Apr. 9, Apr. 10, Apr. 11, High, Low, and %.

MONTEREAL

Table of Montreal indices, including columns for Index, Apr. 9, Apr. 10, Apr. 11, High, Low, and %.

JOHANNESBURG

Table of Johannesburg indices, including columns for Index, Apr. 9, Apr. 10, Apr. 11, High, Low, and %.

MONDAY'S ACTIVE STOCKS

Table of Monday's active stocks, including columns for Stock, Price, +/-, Div. Yld., and %.

AUSTRALIA

Table of Australian stock prices, including columns for Stock, Apr. 10, Price, +/-, Div. Yld., and %.

STOCKHOLM

Table of Stockholm stock prices, including columns for Stock, Apr. 10, Price, +/-, Div. Yld., and %.

OSLO

Table of Oslo stock prices, including columns for Stock, Apr. 10, Price, +/-, Div. Yld., and %.

JOHANNESBURG

Table of Johannesburg stock prices, including columns for Stock, Apr. 10, Price, +/-, Div. Yld., and %.

PARIS

Table of Paris stock prices, including columns for Stock, Apr. 10, Price, +/-, Div. Yld., and %.

MILAN

Table of Milan stock prices, including columns for Stock, Apr. 10, Price, +/-, Div. Yld., and %.

EUROPEAN OPTIONS EXCHANGE

Table of European options exchange data, including columns for Series, Vol., April, Last, July, Last, Oct, Last, and Stock.

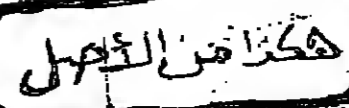
BASE LENDING RATES

Table of base lending rates for various banks, including columns for Bank, Rate, and %.

FINANCIAL REND U.S. \$0.791

Table of financial rend U.S. \$0.791, including columns for Stock, Price, +/-, Div. Yld., and %.

COMMODITIES and AGRICULTURE



Commodity Markets

Pig disease fear near Manchester

By Our Commodities Staff

MINISTRY OF AGRICULTURE veterinary officers are investigating suspected outbreak of swine vesicular disease in the Greater Manchester area...

Three cases have recently been confirmed outside the Humberdale region, but all were relatively close. The Ministry is especially concerned about the investigation near Manchester because it is close to Heaton Moor...

OPEC-style commodity pricing urged

By Our Commodities Staff

PRIMARY PRODUCER countries should opt for OPEC-style pricing of their commodity exports instead of supporting price stabilisation schemes...

In February he said a cartel strategy would be simpler, cheaper and more effective than the integrated commodity programme sponsored by Unctad.

Brazil leads new bid to raise coffee prices

By RICHARD MOONEY

COFFEE FUTURES prices climbed to their highest level for six months on the London market yesterday as dealers became increasingly convinced that Brazil had, after all, succeeded in persuading Central American producers to raise their export prices.

U.S. copper pricing confusion

By DAVID LASCELLES IN NEW YORK

TWO LEADING U.S. copper producers shifted their prices in different directions yesterday, stating the highly excited state of the U.S. copper market. But the broader trend still appears to be upward.

Inco delays nickel price decision

By John Edwards, Commodities Editor

LE NICKEL confirmed yesterday it was increasing its world nickel price by 25 cents a pound—in line with the rises already announced by other producers.

Tin market tumbles

By JOHN EDWARDS, COMMODITIES EDITOR

CASH TIN prices tumbled on the London Metal Exchange yesterday as the supply squeeze on the market eased.

Winter grain crops 'normal'

WASHINGTON

WASHINGTON — Winter grain crops, notably wheat, have come through the cold weather in "fairly normal condition" throughout major producing areas of the northern hemisphere...

Asia must plant more trees

By DANIEL NELSON IN MANILA

DEVELOPING countries in the Asia-Pacific region will find themselves short of timber before the end of the century, according to a working paper produced by the Asian Development Bank.

Burma aims for double hardwood exports

By A CORRESPONDENT IN RANGOON

BURMESE EXPORTS of teak and other hardwoods are expected to double in the next three years to \$128.5m, from the present level of \$57m.

Price changes

IN TONNES UNLESS OTHERWISE STATED

Table with columns for commodity name, price per tonne, and change from previous period. Includes items like Tin, Copper, Nickel, and various oils.

FORESTRY

By A CORRESPONDENT IN RANGOON

BURMESE EXPORTS of teak and other hardwoods are expected to double in the next three years to \$128.5m, from the present level of \$57m.

AMERICAN MARKETS

Copper prices rise

Table showing copper prices in various locations including New York, London, and other international markets.

BRITISH COMMODITY MARKETS

Table of British commodity prices for metals, oils, and other goods. Includes columns for commodity name, price, and change.

COFFEES

Table of coffee prices for various grades and origins, including Arabica and Robusta.

SUGAR

Table of sugar prices for different grades and origins, including London Daily Price.

RUBBER

Table of rubber prices for various grades and origins, including Standard and Special.

WHEAT

Table of wheat prices for various grades and origins, including Northern and Southern.

INSURANCE BASE RATES table showing rates for property, fire, and marine insurance.

Table of silver prices for various grades and origins, including London and New York.

Table of grain prices for wheat, barley, and other cereals.

Table of meat and vegetable prices for various types of meat and produce.

Table of European market prices for various commodities and currencies.

Markets with a future... Inter Commodities Limited advertisement featuring a line graph and promotional text.

Table of wool futures prices for various grades and origins.

Table of soyabean meal prices for various grades and origins.

Table of meat and vegetable prices for various types of meat and produce.

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Table of European market prices for various commodities and currencies.

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LONDON STOCK EXCHANGE

Strong sterling encourages all-round market firmness under the lead of Government stocks with gains to £1 1/2

Account Dealing Dates
First Declared Last Account
Dealing Dates Dealing Dates
Mar. 26 Apr. 5 Apr. 6 Apr. 18

2,079 contracts completed with
interest still stimulated by recent
good results. Last week's daily
average was 1,116.

Higher in thin trading. Turner
and Newall put on 5 to 16 1/2p
and Pilkington improved 3 to 30p.

although Gathrie provided a
notable exception at 82 1/2p, down
10, following persistent scrappy
London selling.

Platinum registered good
gains owing to Johannesburg and
London buying interest in front
of the Rustenburg results, which
are expected today. Bunting advanced 6 to 13 1/2p, Impala 7 to 18 1/2p and Lydenburg 4 to 8 1/2p.

The lower premium coupled
with the uncertain trend in
overseas Sydney and Melbourne
markets left Australians pre-
dominantly lower. Exceptions,
however, were the Rundle oil
shale partners, Central Pacific
Minerals and Southern Pacific
Petroleum with the former 50
higher at 50p and the latter 12
better at 20p.

Stock markets put on another
good all-round performance yester-
day but it was noticeable that
equity investment interest, which
remained highly selective, was
switching away from leading
shares to secondary issues. As
a consequence, many front-rank
shares laboured but not in
sufficient numbers to prevent the
FT 30-share index from slowly
rising 4 1/2 more to 535.7.

Minet disappoints
Lloyd's Brokers took a turn for
the worse with sentiment soured
by disappointing preliminary
results from Minet and
aggravated by the persistent
strength of sterling. Minet fell
2 1/2 to 12 1/2 on the profits statement
still while Willis Faber relin-
quished 10 to 24 1/2p and C. E.
Heath 8 to 26 1/2p. Matthews
Wrightson, however, hardened 4
to 18 1/2p in front of today's annual
figures. Life savings continued to
be buoyed by Hambro Life's
impressive results and proposed
share-splitting proposals; the
shares gained 20p for a two-day
advance of 88 to 600, after 60 1/2p.

Reports of heavy Easter holi-
day bookings buoyed Horizon
midlands which rose 16 to 34 1/2p
in a market left Philip Harris
up 3 more at 14 1/2p. De La Rue
gained 13 to 43 1/2p and Ricardo
added 9 to 33 1/2p.

Tricentrol active
Oil shares continued to claim
a fair amount of attention.
Among the leaders, British
Petroleum held steady around
the overnight closing level of
150p, but Shell encountered
further selling and touched 73 1/2p
before rallying to close only 4
cheaper on balance at 74 1/2p.

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FINANCIAL TIMES STOCK INDICES
Table with columns for indices (Government Secs, Fixed Interest, Industrials, etc.) and values for April 10, 11, 12, 13, 14, 15, and a year ago.

HIGHS AND LOWS
Table with columns for High, Low, and S.E. Activity for various stock categories.

ACTIVE STOCKS
Table with columns for Stock, Denomination, Closing price, Change, and 1979 high/low.

RISES AND FALLS YESTERDAY
Table with columns for Stock, Change, and 1979 high/low.

Government stocks were also
again in the fore with overseas
and domestic demand being
drawn by the continuing steady
rise in the sterling exchange
rate. Once again, the longer
maturities were the strongest and
stepped fresh gains ranging to
2 1/2 for the 10-year gilt. In
despite the monetary indecision
following the latest banking
statistic and the Public Sector
Borrowing Requirement.

Medium-dated issues in the
vicinity of the new tap, Ebequer
1 1/2 per cent 1980, and
this suggested well for today's
tenders with only £15 payable
on application; dealings in the
new stock began tomorrow.

Occasional support was forth-
coming for the engineering
leaders which made further
small progress. John Brown im-
proved 6 more to 58 1/2p and GKN
5 further to 23 1/2p, while Hawker
continued firmly in front of
today's preliminary results and
hardened 4 1/2 fresh to 25 1/2p.

Tricentrol active
Oil shares continued to claim
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Among the leaders, British
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before rallying to close only 4
cheaper on balance at 74 1/2p.

LONDON TRADED OPTIONS
Table with columns for Option, Expiry, Closing offer, Vol., and Equity close for various options.

COMPANY NOTICES

CITY OF MANCHESTER
U.S. \$5,000,000 8 1/2 PER CENT NOTES 1979/1981
S. G. WARBURG & CO. LTD. announce that the first instalment
of Notes to the nominal value of U.S. \$1,000,000 have been purchased
for subscription on 15th May 1979.

LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE
Chancery Division Companies Court.
In the Matter of:
No. 00884 of 1979
MILNER LIMITED
No. 00885 of 1979
ELSTRE LANDSCAPES LIMITED
No. 00886 of 1979
HARAMO PROPERTIES LIMITED
No. 00887 of 1979
AIGON J. HOLDING CONSTRUCTION
COMPANY LIMITED
No. 00888 of 1979

NEW HIGHS AND LOWS FOR 1979

Table listing new highs and lows for 1979 for various companies like American Express, British Petroleum, etc.

RECENT ISSUES

Table listing recent issues for various companies like Anglo-Siam, British Petroleum, etc.

EQUITIES

Table listing equity prices and changes for various companies.

FIXED INTEREST STOCKS

Table listing fixed interest stocks and their yields.

FT-ACTUARIES SHARE INDICES

Table listing FT-Actuaries Share Indices for various equity groups and sub-sections.

Vertical text on the right edge of the page, possibly a page number or reference.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Allen Harvey & Ross Unit Tr. Mgrs., and others, including their managers and performance data.

Table listing insurance and property bonds, including Abbey Life Assurance Co. Ltd., Crown Life Assurance, and others, with details on their products and terms.

Table listing various financial services and trusts, including Schiesinger Trust Mgrs. Ltd., Target Tr. Mgrs. (Scotland) (a) (b), and others.

OFFSHORE AND OVERSEAS FUNDS

Table listing offshore and overseas funds, including Alexander Fund, Keyser Ullmann Ltd., and others, with details on their investments and performance.

Vertical text on the left margin containing various notices and advertisements.

Vertical text on the right margin containing various notices and advertisements.

NOTES

Notes section containing additional information and disclaimers regarding the fund data.

FT SHARE INFORMATION SERVICE

FOOD, GROCERIES—Cont.

Engineering advertisement for riveting systems and parts feeding.

BRITISH FUNDS

Table of British funds with columns for fund name, price, and yield.

INTERNATIONAL BANK

Table of international bank shares.

CORPORATION LOANS

Table of corporation loans with interest rates and terms.

COMMONWEALTH & AFRIKAN

Table of Commonwealth and African shares.

FOREIGN BONDS & RAILS

Table of foreign bonds and rail shares.

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Advertising Offices: Dublin, 100 George Street, Tel: 01-226 4139.

Advertising Offices: London, 100 George Street, Tel: 01-226 4139.

BONDS & RAILS—Cont.

Table of bonds and rail shares.

BANKS & HP—Continued

Table of banks and hire purchase shares.

CHEMICALS, PLASTICS—Cont.

Table of chemicals and plastics shares.

ENGINEERING—Continued

Table of engineering shares.

AMERICANS

Table of American shares.

BEERS, WINES AND SPIRITS

Table of beer, wine, and spirit shares.

DRAPERY AND STORES

Table of drapery and stores shares.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of building, timber, and road shares.

CANADIANS

Table of Canadian shares.

BANKS AND HIRE PURCHASE

Table of banks and hire purchase shares.

HOTELS AND CATERERS

Table of hotels and caterers shares.

INDUSTRIALS (Miscel)

Table of industrial shares (miscellaneous).

ELECTRICAL AND RADIO

Table of electrical and radio shares.

CHEMICALS, PLASTICS

Table of chemicals and plastics shares.

FOOD, GROCERIES, ETC.

Table of food, groceries, etc. shares.

ENGINEERING MACHINE TOOLS

Table of engineering machine tools shares.

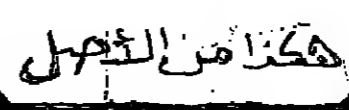
INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

FINANCE, LAND—Continued



DAWA SECURITIES logo and header

MINES—Continued

AUSTRALIAN

Table of Australian mining stocks including Anglo, BHP, and others.

TINS

Table of tin stocks including Anglo, BHP, and others.

COPPER

Table of copper stocks including Anglo, BHP, and others.

MISCELLANEOUS

Table of miscellaneous stocks including Anglo, BHP, and others.

NOTES

Notes regarding stock prices and market conditions.

TEAS

Table of tea stocks including Anglo, BHP, and others.

Sri Lanka

Table of Sri Lanka stocks including Anglo, BHP, and others.

Africa

Table of African stocks including Anglo, BHP, and others.

MINES

CENTRAL RAND

Table of Central Rand mining stocks.

EASTERN RAND

Table of Eastern Rand mining stocks.

FAIR WEST RAND

Table of Fair West Rand mining stocks.

O.F.S.

Table of O.F.S. stocks including Anglo, BHP, and others.

FINANCE

Table of finance stocks including Anglo, BHP, and others.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks.

CENTRAL AFRICAN

Table of Central African stocks including Anglo, BHP, and others.

OPTIONS

Table of options including Anglo, BHP, and others.

Additional notes and market information.

Large table of industrial stocks including Anglo, BHP, and others.

Large table of insurance stocks including Anglo, BHP, and others.

Large table of property stocks including Anglo, BHP, and others.

Large table of investment trusts including Anglo, BHP, and others.

Large table of finance and land stocks including Anglo, BHP, and others.

Large table of regional markets including Anglo, BHP, and others.

Large table of options including Anglo, BHP, and others.

INSURANCE

Table of insurance stocks including Anglo, BHP, and others.

PROPERTY

Table of property stocks including Anglo, BHP, and others.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including Anglo, BHP, and others.

FINANCE, LAND, etc.

Table of finance, land, and other stocks including Anglo, BHP, and others.

DIAMOND AND PLATINUM

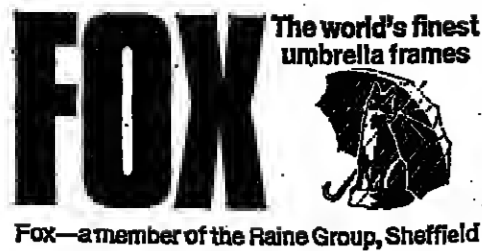
Table of diamond and platinum stocks.

CENTRAL AFRICAN

Table of Central African stocks including Anglo, BHP, and others.

OPTIONS

Table of options including Anglo, BHP, and others.



Airways chief backs denationalisation

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

PLANS BEING drawn up by Conservative Party leaders to sell a substantial part of the State-owned British Airways to the private sector if they win the General Election were backdated last night by Sir Frank Macfarlane, the airline's chairman.

The Conservatives' plans, drawn up by Sir Keith Joseph, Conservative spokesman for industry, and his colleagues, involve at least one other nationalised industry, the National Freight Corporation, and high technology companies owned by the National Enterprise Board.

In a message to his staff last night Sir Frank said that such a solution would remove the airline further from the political arena and give it greater freedom to run and develop its business.

He did not want argument about the future of British Airways to be made a "political shuntlecock".

The structure that is being considered would be similar to the principle of the present 51-49 split of BP between State and private ownership, though the actual percentages might not be rigidly fixed, since the overall aim in some businesses would be progressively to reduce the State holding to as small an amount as possible.

In the case of BP itself the Tory leadership is considering lowering the Government's public-sector borrowing requirement by selling a substantial

holding of the 51 per cent State holding. Employees in the businesses affected would be offered shares at preferential prices. This was also welcomed last night by Sir Frank who hopes to obtain trade union backing for the idea.

Although the plans will not be given in detail in the Conservative Party manifesto being published today, the idea of "BF-style" ownership has recently emerged as one main plank of the party's policy on both nationalised industries and the NEB.

Post Office moves

Cable and Wireless might be treated in the same way, along with the National Freight Corporation, while the State-owned aircraft and shipbuilding industries would be offered to their previous owners as a first step.

Plans for the Post Office Corporation might include trying to increase competition by breaking its telecommunications monopoly and allowing private manufacturers to connect their products to the telephone system along the lines of practice in the US.

Israel plans West Bank oil search

BY DAVID LENNON IN TEL AVIV

ISRAELI WILL start drilling for oil next week in an occupied West Bank. Officials are confident of making a major strike.

Under their recent peace agreement, Israel and Egypt are to start discussing the future of the occupied territory within a month. The 700,000 Palestinians living there want the West Bank to become part of an independent Palestinian state.

M. Ronald Hanreck, of the petroleum division of Israel's Energy Ministry, said yesterday that drilling a few miles north of Jerusalem near Ramallah would go to a depth of 6,000 metres. Available knowledge of the strata indicated "a fantastic prospect".

The Ramallah well was drilled before 1967 by an American company operating on behalf of the Jordanian Government which then controlled the area. Work halted at 3,000 metres before Israel drilled a further 1,520 metres in 1974.

Some Israeli oil officials have, however, expressed considerable doubts about the prospects of finding oil in the area, and American oil men have been openly sceptical. But Mr. Hanreck said experiments with new

seismic techniques convinced him that the well "is located on a very large geological structure which could contain a giant oil accumulation."

About \$2m will be invested in the new attempt, which should take two to three months to complete.

He said Israel was open to participation offers from foreign companies and believes that if five companies were each to invest \$1m a year for five years Israel could carry out explorations with a high possibility of discovering oil or gas.

Visits to Egypt by two Israeli Cabinet Ministers have been postponed only a day after Jerusalem protested to Cairo about recent hard-line Egyptian statements.

Dr. Mustapha Khalil, the Egyptian Premier, aroused Israeli anger when he declared on Saturday that Egypt might be willing to help Syria liberate the Golan Heights but it is not known whether there was any connection between this and the cancellations.

Israeli aircraft struck guerrilla bases in Lebanon yesterday after a bomb exploded in Tel Aviv's central market, killing one woman and injuring 35, eight seriously.

Continued from Page 1

BP and Iran

which are largely concentrated in the hands of its major rivals, Exxon, Shell, Texaco and Mobil. Meanwhile, he expected the price of BP's Forties crude oil, the major North Sea crude stream, to reach \$18.20-\$18.30 a barrel in the second quarter, a rise of at least 17.5 per cent on the first quarter price.

BP has a capital expenditure programme for 1979 of some \$2bn, of which \$500m will be in the UK and \$500m in the U.S. About \$200m will be spent on chemicals activities, some \$90m in the UK.

The 500,000 tonnes a year ethylene plant BP is building jointly with ICI at Wilton, Texas, is now unlikely to be commissioned before September, at least two years behind schedule.

Turks' secrecy desire worries IMF

BY DAVID TONGE

RELATIONS BETWEEN Turkey and the International Monetary Fund are now at a critical stage following the Turkish Government's insistence that no publicity must be given to any commitments it makes to the fund.

Mr. Bulent Ecevit, the Turkish Prime Minister, has been arguing that the further austerity measures he has to take are so sensitive politically that his Government would be threatened if details were leaked. But senior members of the IMF are questioning whether they can accept a programme which cannot be announced.

The IMF is being asked to overlook that the country is a parliamentary democracy with an opposition which could, if it came to power, reject an agreement from which it had been excluded.

This issue is the crucial one between Turkey and the IMF. High-level meetings in an attempt to resolve it are due shortly. IMF officials say that, compared with this issue, all the others are "technicalities which can be negotiated." They also confirm that the IMF has agreed to a more flexible approach to exchange rate problems.

This slight softening of the IMF's approach follows West German concern over threats to Turkish stability. It means that the IMF has shelved its demands for an immediate devaluation of at least 30 per cent and also that it is less concerned about Turkey introducing multiple exchange rates—as it did yesterday.

Syndicate asks for more aid

By John Moore

THE 110 MEMBERS of the STRIKEN Lloyd's underwriting syndicate, which is facing losses of £13.8m, are to ask Lloyd's today for more substantial financial aid.

The move comes just a few days after Lloyd's of London arranged a letter of credit with the National Westminster Bank, which allowed the members of the syndicate to borrow up to £7m. The arrangement was guaranteed by Lloyd's own funds.

Mr. Stephen Merritt, who took over the management of the syndicate from Mr. Frederick Sasse after it ran into trouble, is to ask the 16-strong ruling committee of Lloyd's for an "open-ended, interest-free" lending commitment, guaranteed by Lloyd's.

If Lloyd's agree it may have to stand surety for the full extent of the syndicate's losses of £13.8m.

Mr. Merritt said yesterday that the 110 members, after a meeting at Lloyd's, had asked him to go back to the Committee of Lloyd's and request "that the offer of £7m should be extended so that the loan is large enough for all members who wish to take advantage of it."

Mr. Merritt is looking for an amount from Lloyd's which will enable all members of the syndicate to pass the Lloyd's audit. Every member of Lloyd's has to pass an annual audit which tests that their underwriting assets are sufficient to meet their liabilities.

The members of the syndicate are also dismayed that if they wish to borrow the money they will have to provide their own collateral.

Many of the members of the syndicate claim that a number of the Lloyd's safeguards have broken down in the period when the £13.8m of losses were incurred and are considering taking legal action against the Corporation of Lloyd's.

Public sector borrowing lower than expected

BY DAVID FREUD

PUBLIC-SECTOR borrowing is likely to have been a little below £8.5bn in the 1978-79 financial year, Government revenue and spending figures released yesterday suggest.

The £8.5bn figure is in line with last year's Budget forecast, although somewhat higher than the Treasury forecast of £8bn in November.

Buoyant revenues have meant that earlier fears among some City analysts that borrowing would be significantly more than forecast have not been borne out.

Borrowing by central government in 1978-79 was £8.07bn, some £130m higher than the Budget forecast of £7.94bn.

This figure, together with net borrowing from UK and overseas markets by local authorities and nationalised industries, makes up the total for public-sector borrowing.

The total will not be released until early June, but net borrowing by local authorities and nationalised industries is believed by officials to be about £400m.

The usual heavy borrowing in March, at the end of the financial year, does not seem to have occurred. This was a key factor in keeping down the figure for the whole year.

In March central government borrowed an estimated £1.94bn, only slightly more than the £1.92bn of the same month in the previous year. One reason was large repayments into the

National Loans Fund in the month by the British Gas and British Steel Corporations. These contributed to net repayments of £132m into the fund in March, compared with net lending of £205m in the same month in 1978.

For the year as a whole net lending out of the fund to public corporations was £728m less than in 1977-78, the largest single factor being a substantial reduction in lending to local authorities.

Revenues and spending out of the Consolidated Fund, the account through which most central government receipts and outflows pass, were broadly in line with forecast.

Revenues for the financial year rose 11 per cent to £43.01bn, compared with a Budget forecast of £42.75bn. Spending rose 17 per cent to £51.47bn, close to the forecast £51.33bn.

One factor keeping expenditure down was a below-forecast increase in the major component, supply services. These were 14 per cent higher than in the previous year, at £45.76bn, compared with an expected increase of 15 per cent.

The reduction of central government borrowing from transactions in "other funds and accounts" was far lower than expected. The Budget forecast a positive contribution of £1.94bn, while in the event the amount was only £529m.

Tables, Page 37

Tarmac chief steps down in reshuffle

BY MICHAEL CASSELL

IN ANOTHER boardroom upheaval at Tarmac, Mr. Robin Martin has relinquished his position as managing director and chief executive of the Wolverhampton-based roadstone and civil engineering group.

A brief statement last night said that Mr. Martin, who has been chairman for eight years and managing director and chief executive for 16, would remain chairman "for the time being."

News of the reshuffle came only a week after confirmation that Tarmac's group finance director, Mr. Gerard Paris, had resigned following his appointment as a director of Barclays Mercantile Bank.

Last year, a decentralisation programme led to a sharp reduction in headquarters staff. In September 1977, Mr. Bill Francis, Tarmac vice-chairman, resigned after disclosures that

a subsidiary operating in Africa had lost about £16m. Mr. Francis is now an executive director of Trafalgar House with responsibility for Cementation Holdings.

A Tarmac official said that the wisdom of combining the role of chairman and chief executive had been questioned for some time, particularly by Mr. Martin.

Mr. Eric Pountain, formerly responsible for Tarmac's housing and property divisions, has been appointed group managing director.

Tarmac's first-half pre-tax profits in 1978 fell from £9.97m to £6.25m, and it seems unlikely that the group will meet its forecasts of higher profits for the year.

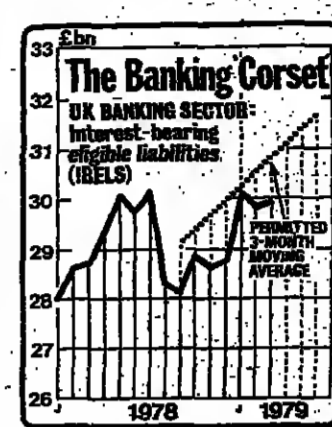
The company is selling its 60 per cent stake in the loss-making Nigerian subsidiary to a Middle East consortium.

Money supply: all right for now

THE LEX COLUMN

With sterling putting on another 80 points against the dollar yesterday, the gilt-edged market was in a buoyant mood and was not going to let itself get worried about the monthly banking figures.

Index rose 4.3 to 535.7



The banks' eligible liabilities rose by 1.2 per cent during the period to mid-March but the money supply was probably unchanged.

So far the sterling inflows do not seem to be inflating the money supply, although they might in a couple of months' time. There have been very heavy gilt sales, and as yesterday's Central Government Borrowing Requirement figures indicated, the Public Sector Borrowing Requirement will have been only marginally above the Treasury's £8bn forecast for 1978-1979.

Given this background the authorities can afford to be fairly relaxed about the immediate outlook, except for one thing—bank lending. The clearing banks talks about the underlying rate of growth being "appreciably higher than in recent months." As bank lending was growing at an annual rate of 7.6bn in the three months to mid-February—this seems more than a trifle worrying. If bank lending does not start to slow down soon, the authorities may regret their haste in releasing special deposits.

But that is the next Government's concern. After yesterday's rise in the gilt-edged market the new issue, Exchange 11 per cent 1991, looks a good half-point cheap at its minimum price of 97 and could possibly be oversubscribed. Some applications seemed to be going in last night at 97½ and 97¼, but the stages will be hoping that the stock will not be adequately covered at the higher prices and that all allotments will be made at the minimum.

kind that have littered the group's recent accounts. The picture is encouraging, but it is still necessary to be cautious about short term trends when the gains could partly reflect the closure of fringe branches (120 have gone in the past year) and the utilisation of previous provisions, while the new trading image is requiring the spending of more than £20m this year. The weak link remains the sluggish sales figure, up only 3 per cent at the half-way stage. For the full year Burton should make £15m or more pre-tax, but the shares are as usual looking either to the long term or to a bid.

BP

According to Sir David Steel in the BP annual report the group has been "worst hit of any company by events in Iran." Yet the BP share price has jumped by a third since the turn of the year, and Sir David felt it necessary yesterday to make apologetic remarks about the current profits jump being "essential." It is an interesting illustration of how company chairman these days direct their remarks at customers, competitors, employees, and politicians and have to leave their shareholders to read between the lines. The fact is that the current world oil shortage is playing into the hands of a group which is lifting 1m barrels a day in the North Sea and Alaska, but is none too hot at the more competitive downstream end of the business.

True, BP has lost for ever its supplies from the defunct Iranian Oil Consortium, but it has now begun purchasing directly from the new Iranian regime. Meantime the real sufferers are the third party

customers who have already been hit by 45 per cent force majeure cutbacks and are now, in many cases, to be told that they have no longer required. Meanwhile BP is calculating how far above \$18 a barrel it can price its Forties crude this quarter.

In 1978 net income reached \$444m, or 41p a share, and the report shows that in the second half—before currency losses—the figure was rising at an annual rate of 290m. For 1979 City estimates stretch to well over \$200 million, though \$150 includes a sizeable temporary stock profit element. BP itself is discreet about the earnings trend, however, and is quiet also about the dividend where the 1977 commitment to 30p net a share, given dividend freedom, appears to have been dropped, although a 27p net special dividend. As things stand the shares at 1800p yield a princely 3.1 per cent.

Smiths Industries

Smiths Industries' 1978-79 interim pre-tax profits are 46 per cent higher, at £10.98m, but looked at against last year's second-half performance they are perhaps rather disappointing. The group's star divisions, aerospace and specialist engineering, have maintained their momentum, and the distribution trades business gave a solid showing. But profits in the depressed marine business have almost disappeared, and the vehicle-original equipment division, where earnings seem to respond to the slightest fluctuation in BL's car output, made only £0.5m at the trading level against £2.1m in the second half of last year.

Burton Group

Once again Burton Group's results were good enough to be rushed out early, the news of a 98 per cent rise in half-time pre-tax profits to £9.24m appearing a day ahead of schedule. But the stock market had adjusted to the message even earlier, and the "A" share price finished 6p down at 308p.

Burton now feels strong enough to manage without some of the props which held up its figures in leaner days: profits on property disposals, for instance, have been shifted below the line, while there are no extraordinary debits of the

What may surprise you is our commitment to international banking.

Weather

UK TODAY OCCASIONAL RAIN in most places with heavy showers later. Some bright periods. Rather warm. Max 13C (55F).

Table with weather forecasts for various regions and worldwide locations. Columns include '5 day', '1 day', '2 day' forecasts for various cities like London, Edinburgh, Glasgow, etc.

Advertisement for Tokai Bank, titled 'A few words about Tokai Bank's expanding international operations.' Includes illustrations of people in a office setting and text describing the bank's services and global presence.

Vertical text on the far right edge of the page, including 'PRICE GRAN' and other fragments.